



2024 Report of the Auditor General of New Brunswick

Volume I - Performance Audit

AUDITOR GENERAL
OF NEW BRUNSWICK



VÉRIFICATEUR GÉNÉRAL
DU NOUVEAU-BRUNSWICK

Chapters in Volume I 2024

- Travel Nurse Contracts
 - Social Development
 - Horizon
 - Vitalité
- Pupil Transportation
- NB Housing Strategy
- Mental Health Trust Fund No. 9



Travel Nurse Contracts

Department of Social Development, Horizon Health Network, and Vitalité Health Network

Volume I Chapter 2

AUDITOR GENERAL
OF NEW BRUNSWICK



VÉRIFICATEUR GÉNÉRAL
DU NOUVEAU-BRUNSWICK

Details of the Audit

Objective:

- To determine if government contracts with private nursing agencies were reflective of best practices and demonstrated value for money

Auditees:

- Department of Social Development
- Horizon Health Network
- Vitalité Health Network

Overall Themes

- In general we noted:
 - There were risks to government due to lack of adequate contract development and oversight
 - Inadequate internal controls existed to ensure services were received

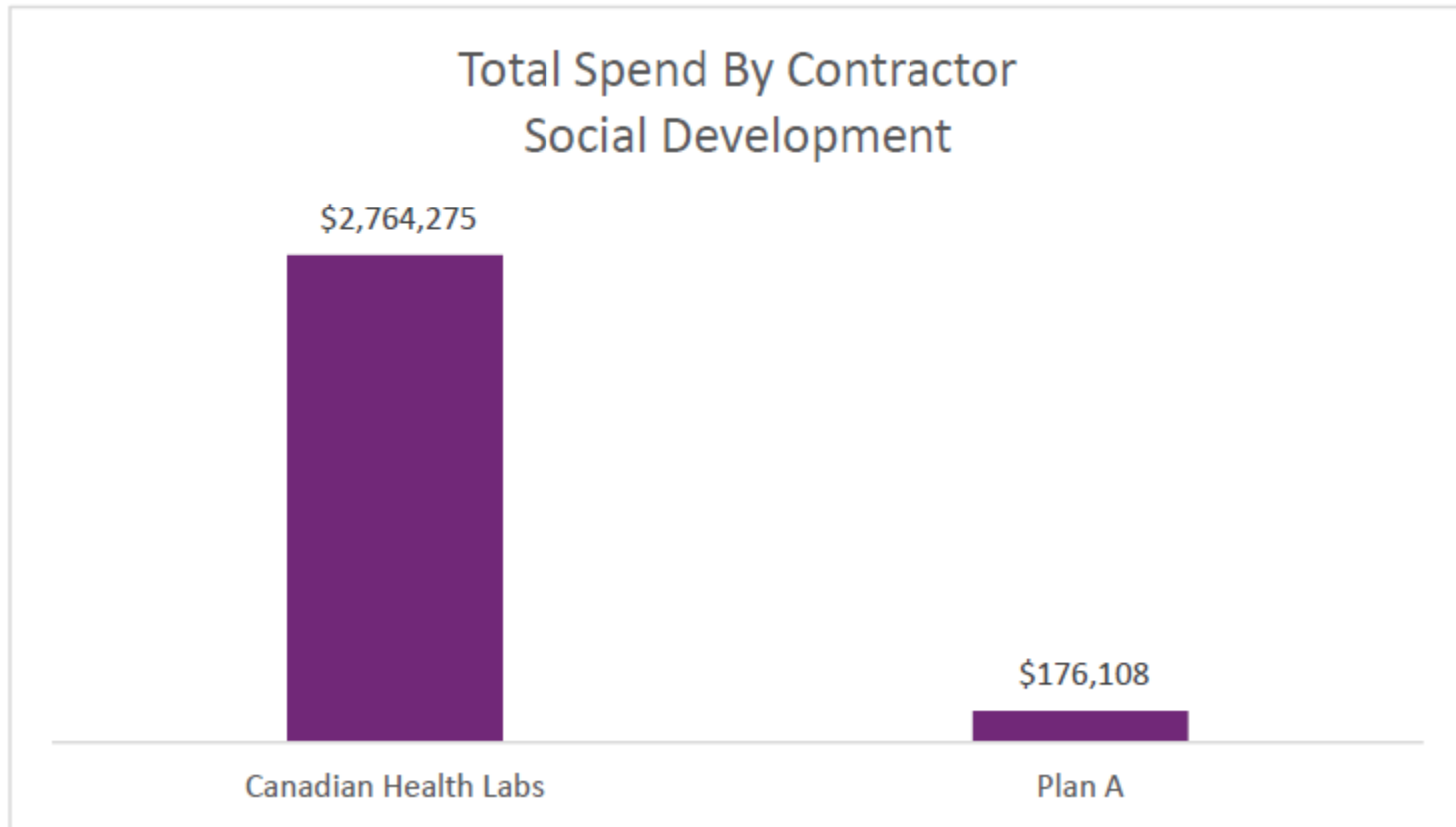


The Department of Social Development

Background

- Staff shortages in long-term and special care homes due to Covid-19
- Contracted travel nurses utilized for six months

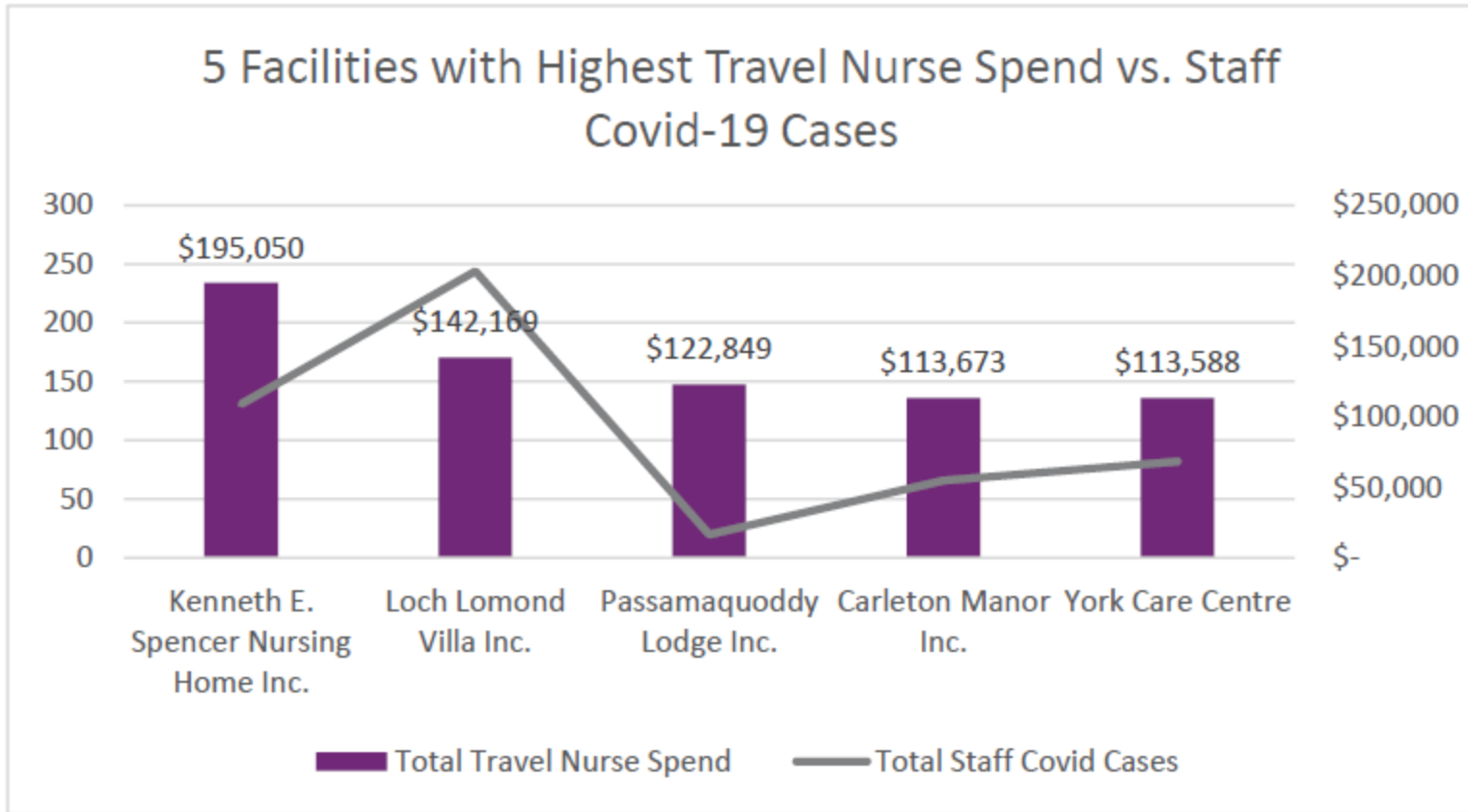
Total Spend by Contractor



Summary of Findings

- Travel nurse spend not correlated to staff Covid-19 cases
- No vendor selection process or legal review of contracts
- Lack of evidence of criminal record and vulnerable sector checks
- Payments for goods and services made with no review and lacked supporting documentation

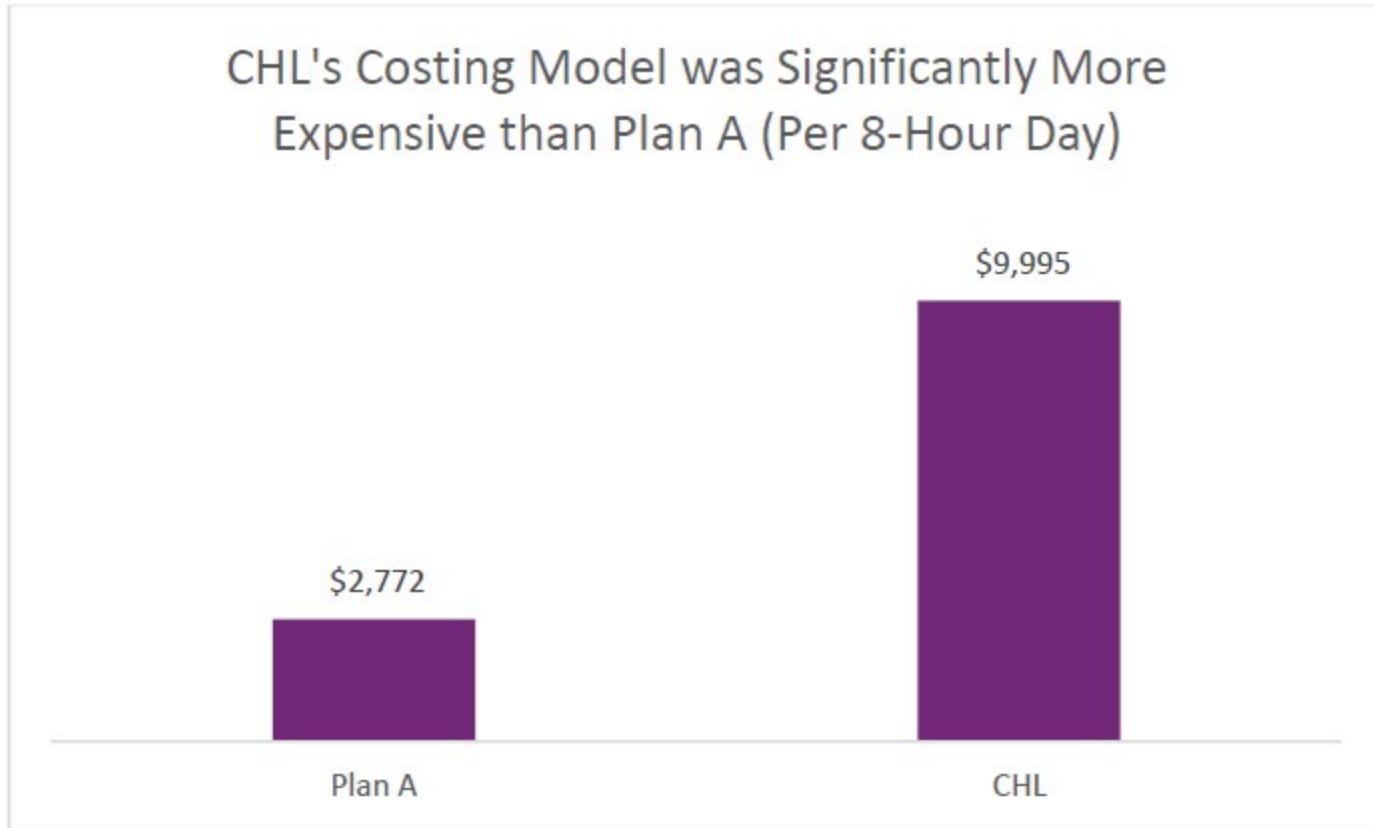
Specific Needs Not Well Documented



Lack of Documentation to Support Vendor Selection

- No request for proposals, opted to utilize emergency exemption
- No selection guidelines, criteria or scoring matrices

Costing Models Varied Significantly



Noted Concerns with Contracts

- No legal review of the contracts
- Contracts did not align with GNB's standard form
- Teams could be deployed regardless of need



Noted Concerns with Contracts

- Lack of evidence of criminal record checks, vulnerable sector checks, and Social Development background checks
- Invalid assignment of liability – Government sponsored insurance plan does not cover contractors

Payments Made Without Due Diligence

- Lack of supporting documentation for payment of care staff and travel expenses
- No audit of the contract service providers performed

Summary of Recommendations

- Establish a documented selection process
- Ensure legal review of contracts
- Ensure adequate levels of supporting documentation to support payment
- Complete a post implementation review

Response to AGNB Recommendations

- 12 recommendations were made to the Department of Social Development
- The Department agreed with our recommendations

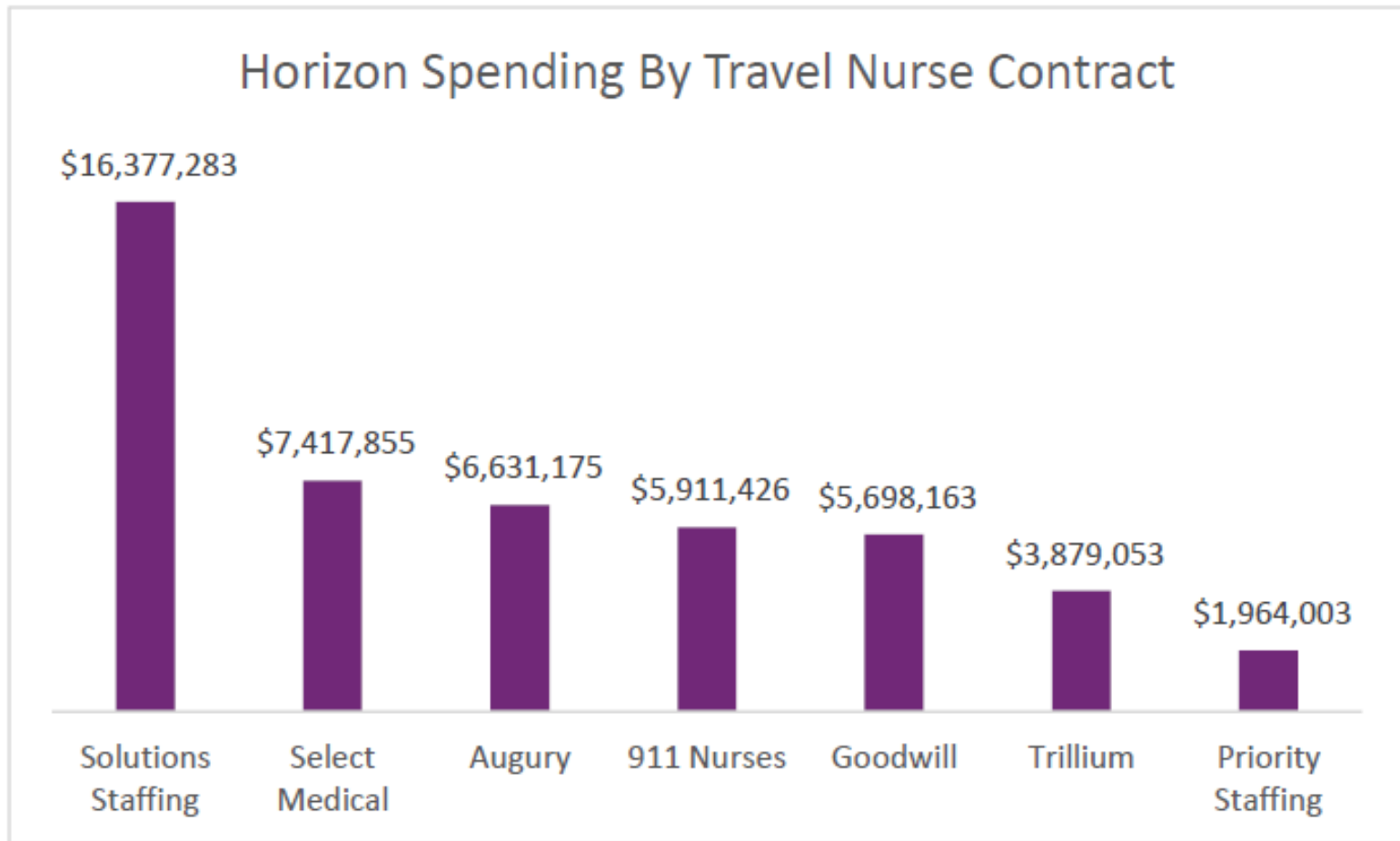


Horizon Health Network

Background

- Horizon Health signed contracts with seven companies
- Only Registered Nurses and Licensed Practical Nurses were used for a period of 17 months beginning in August 2022

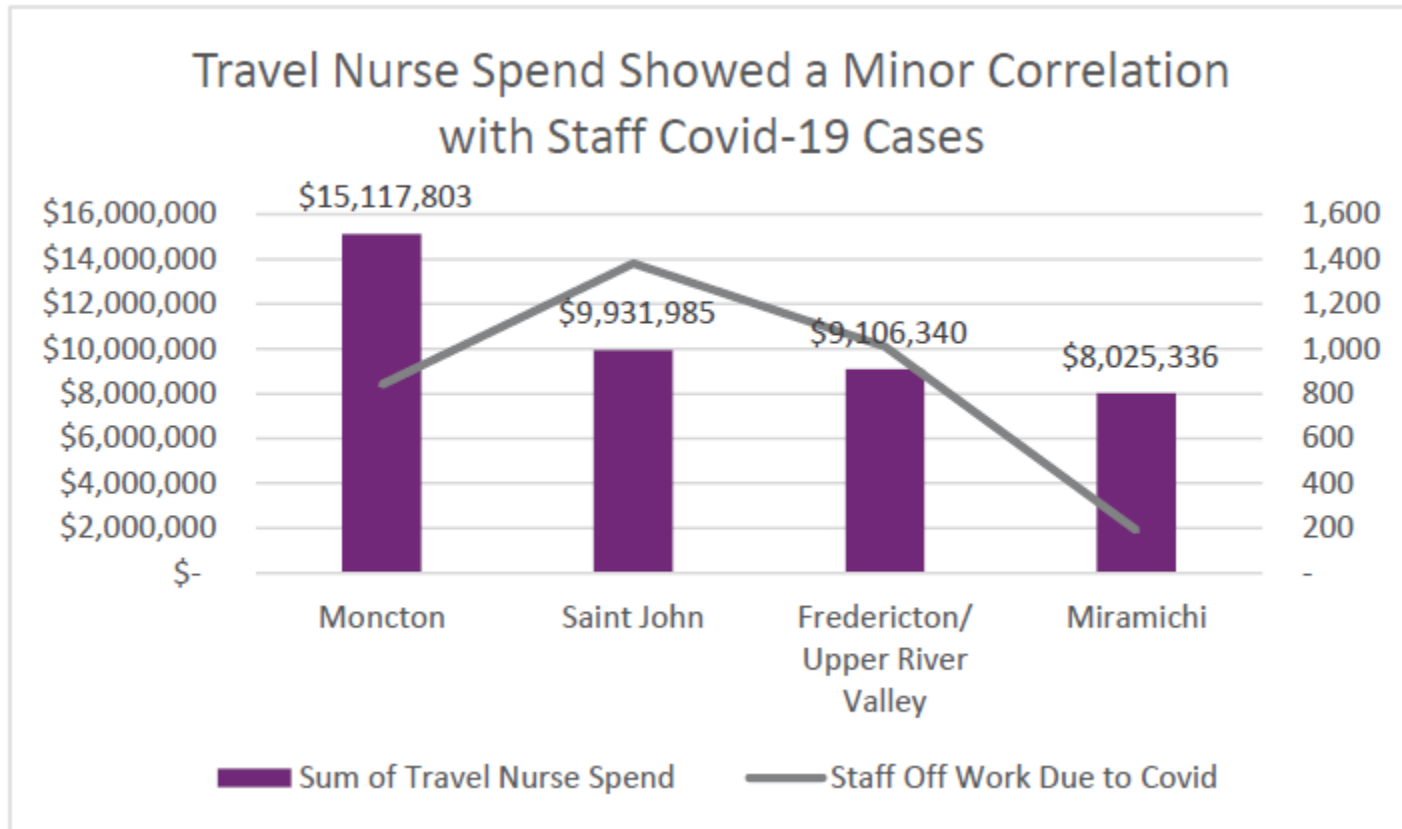
Total Horizon Network Spend by Contract



Summary of Findings

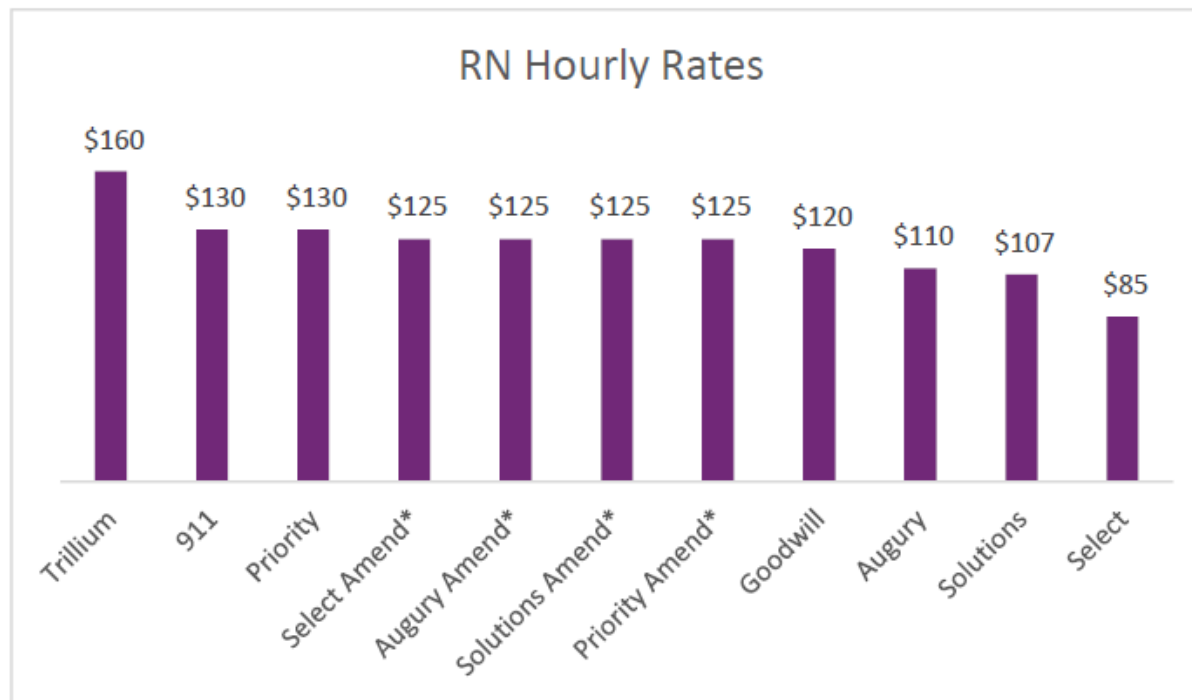
- Overall needs well identified
- Guidelines established for contract negotiation, but no selection criteria or scoring matrix
- Contracts did not align with GNB standards
- Adequate processes in place to ensure services had been received
- Travel expenses paid without adequate support

Travel Nurse Spend Not Always Aligned with Staff Covid-19 Cases



Lack of Documentation to Support Vendor Selection

- No formalized selection process, criteria or scoring matrix
- Rates varied between contractors



Noted Concerns with Contracts

- Contracts not aligned with GNB standard form
- Non-compliance with signatory requirements

Noted Concerns with Contracts

- Provincial laws governing the agreements not consistent
- Lack of requirement for criminal record and vulnerable sector check



Payments Made Without Due Diligence

- Adequate processes to ensure charges for care hours were legitimate
- Travel-related expenses paid without adequate support

Summary of Recommendations

- Ensure contracts are signed and align with GNB standards
- Establish criteria with scoring matrices to support the selection decision processes
- Ensure adequate levels of support for payment of invoices
- Perform a post-implementation review

Response to AGNB Recommendations

- Nine recommendations were made to the Horizon Health Network
- Horizon agreed with our recommendations

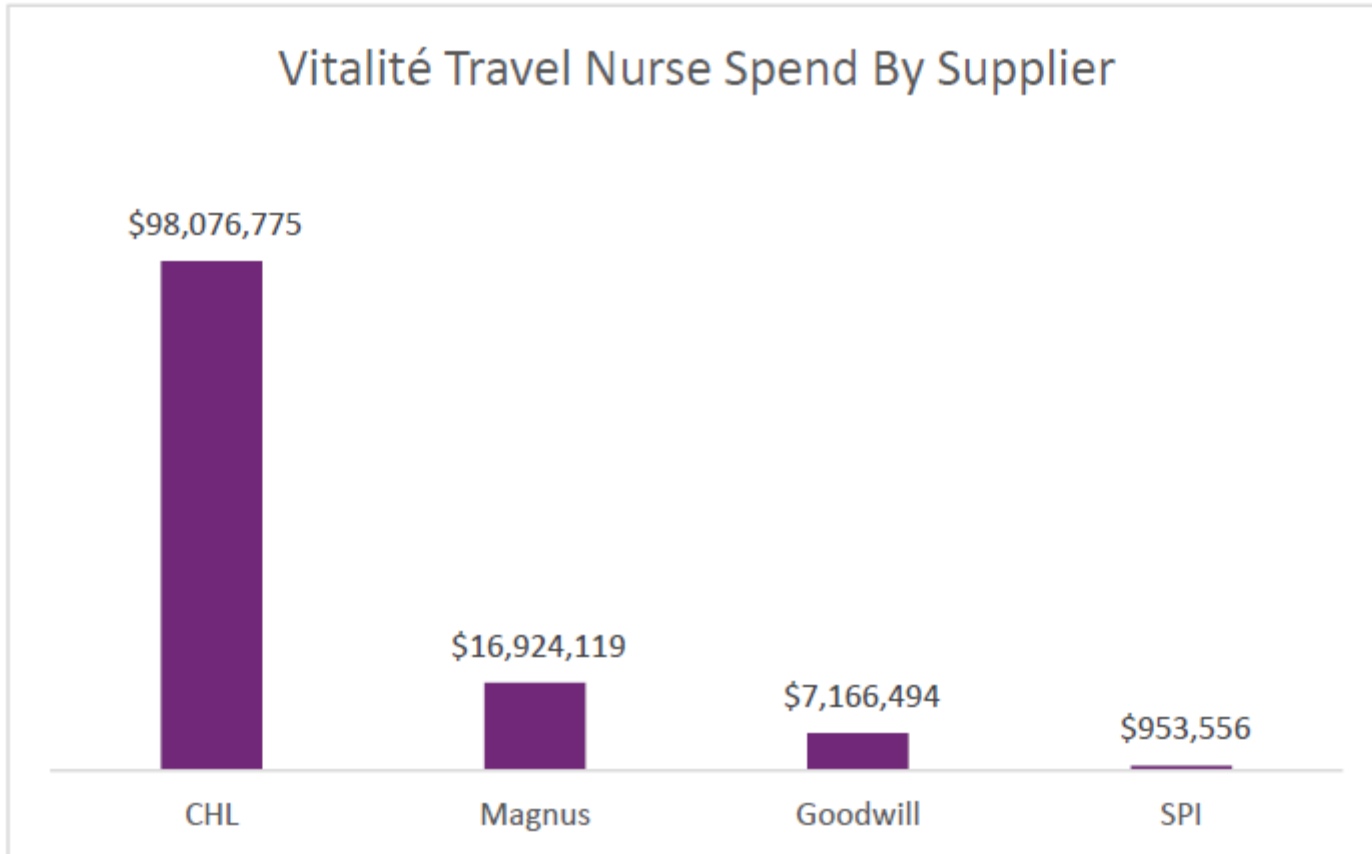


Vitalité Health Network

Background

- Vitalité entered into six contracts with four travel nurse companies
- Use of travel nurses began in June 2022 and is ongoing

Vitalité Travel Nurse Spend By Supplier



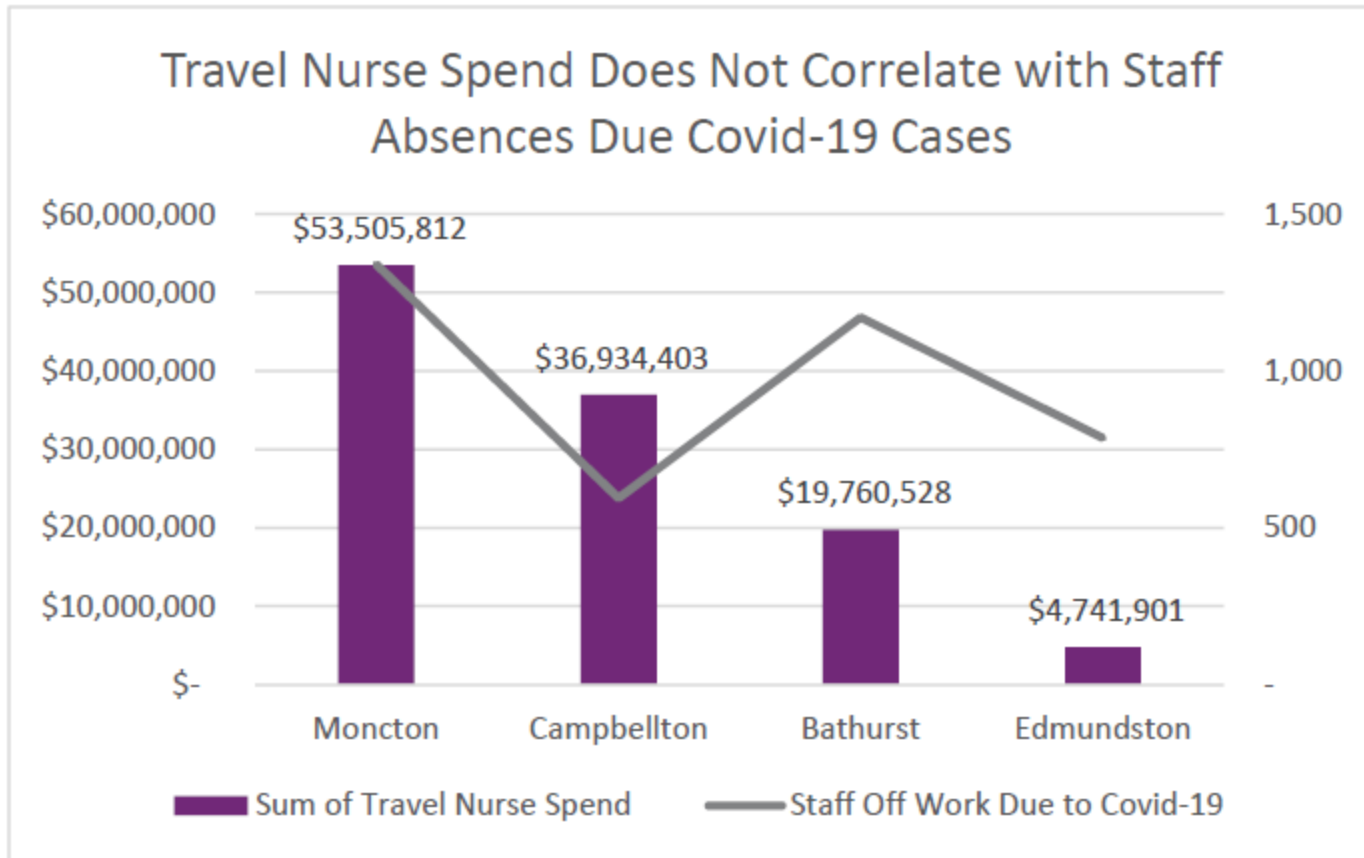
Summary of Findings

- Vitalité did not provide information as requested by the Office of the Auditor General
- No documentation to support vendor selection
- No legal review of contracts
- Contracts allowed for teams to be deployed regardless of actual need
- Inadequate processes in place to ensure services were received
- Potential for HST recovery

Requested Information Not Provided

- Three internal audit reports requested
- Lack of cooperation in contravention of the *Auditor General Act*

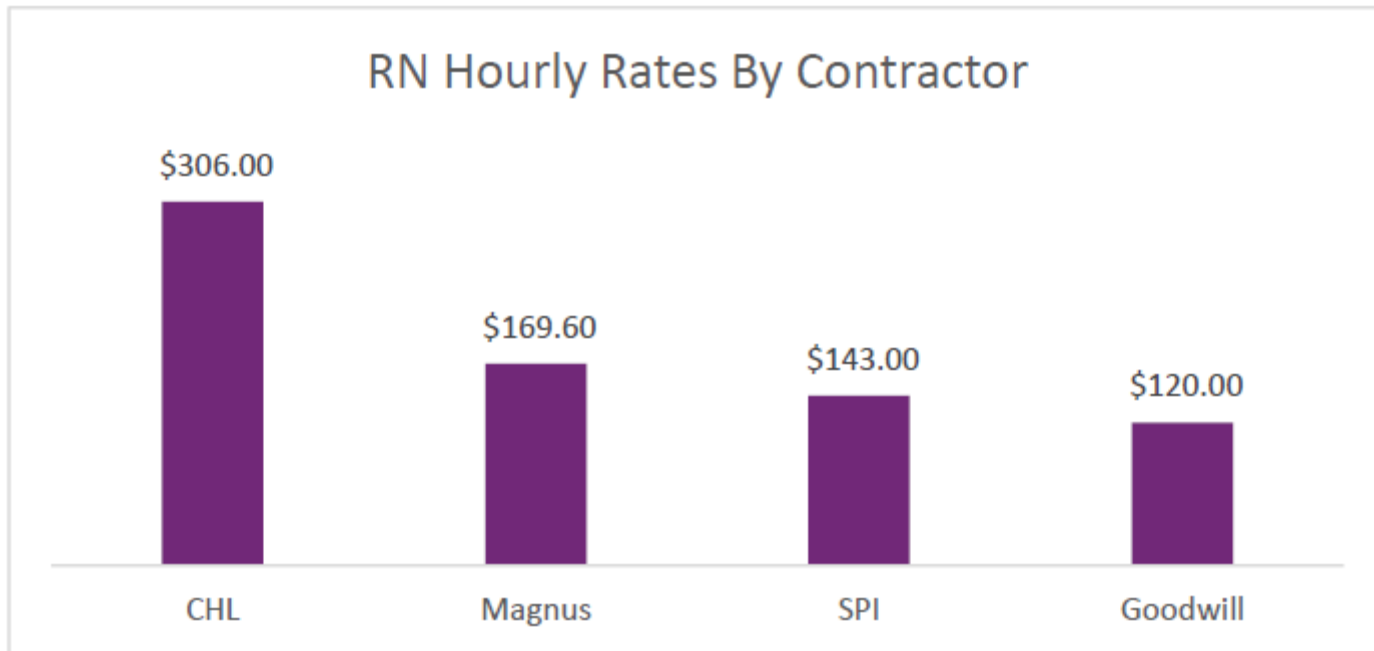
Travel Nurse Spend Not Aligned with Staff Covid-19 Cases



Lack of Documentation to Support Vendor Selection

- Guidelines, selection criteria or scoring matrices were not established
- French languages services not required, except for CHL contract, limited to two facilities

CHL Pricing Model Most Expensive



Noted Concerns with Contracts

- No legal review of contracts
- Contracts did not align with GNB standards
- Vulnerable sector checks not required
- Non-compliance with Board policy

Noted Concerns with CHL Contract

- Minimum number of teams deployed regardless of need
- Contract contains an auto renewal clause
- Invalid assignment of liability

Payments Made Without Due Diligence

- Established processes for verifying receipt of services, not operating as intended
- 85% of travel invoices included some form of support payment
- High rates for car rentals paid to CHL-related company, without adequate support

Summary of Recommendations

- Develop guidelines and selection criteria to support the selection of vendors
- Ensure contract terms are reflective of actual service level requirements
- Ensure adequate invoice support is provided and complies with contracts before payment is issued
- Perform a post implementation review on the use of contracted travel nurses

Vitalité's Response to AGNB Recommendations

- Total of 13 recommendations to the Vitalité Health Network
- We are unable to determine the auditee's level of agreement
- Concerned by Vitalité's unwillingness to acknowledge the severity of risk posed by travel nurse contracts



Pupil Transportation

Department of Education and Early Childhood Development

Volume I - Chapter 3

AUDITOR GENERAL
OF NEW BRUNSWICK



VÉRIFICATEUR GÉNÉRAL
DU NOUVEAU-BRUNSWICK

Details of the Audit

Objectives:

To determine if the department has:

- effective systems and processes to monitor and ensure school district compliance with legislation and departmental policies relating to pupil transportation
- strategies in place to ensure sufficient staffing levels of bus drivers

Auditee:

- Department of Education and Early Childhood Development

Background

- As of April 2024, over 107,000 children were enrolled in K-12 school system
 - 78% of students are transported by bus
- The department is a central oversight body to the school districts

Summary of Findings

- Non-compliance with legislation
- Many school buses have overdue inspections and lack required maintenance
- Adequate strategies are not in place to ensure sufficient staffing levels of school bus drivers
- The department does not have effective systems and processes to ensure district compliance with legislation and departmental policies relating to pupil transportation

Non-compliance with Driver Employment Standards

- Lack of valid licensing
 - 38% did not have a license on file at hire
- Inconsistent driver abstracts
 - 25% did not have a driver abstract at time of hire
 - 22% did not have driver abstract at time of license renewal

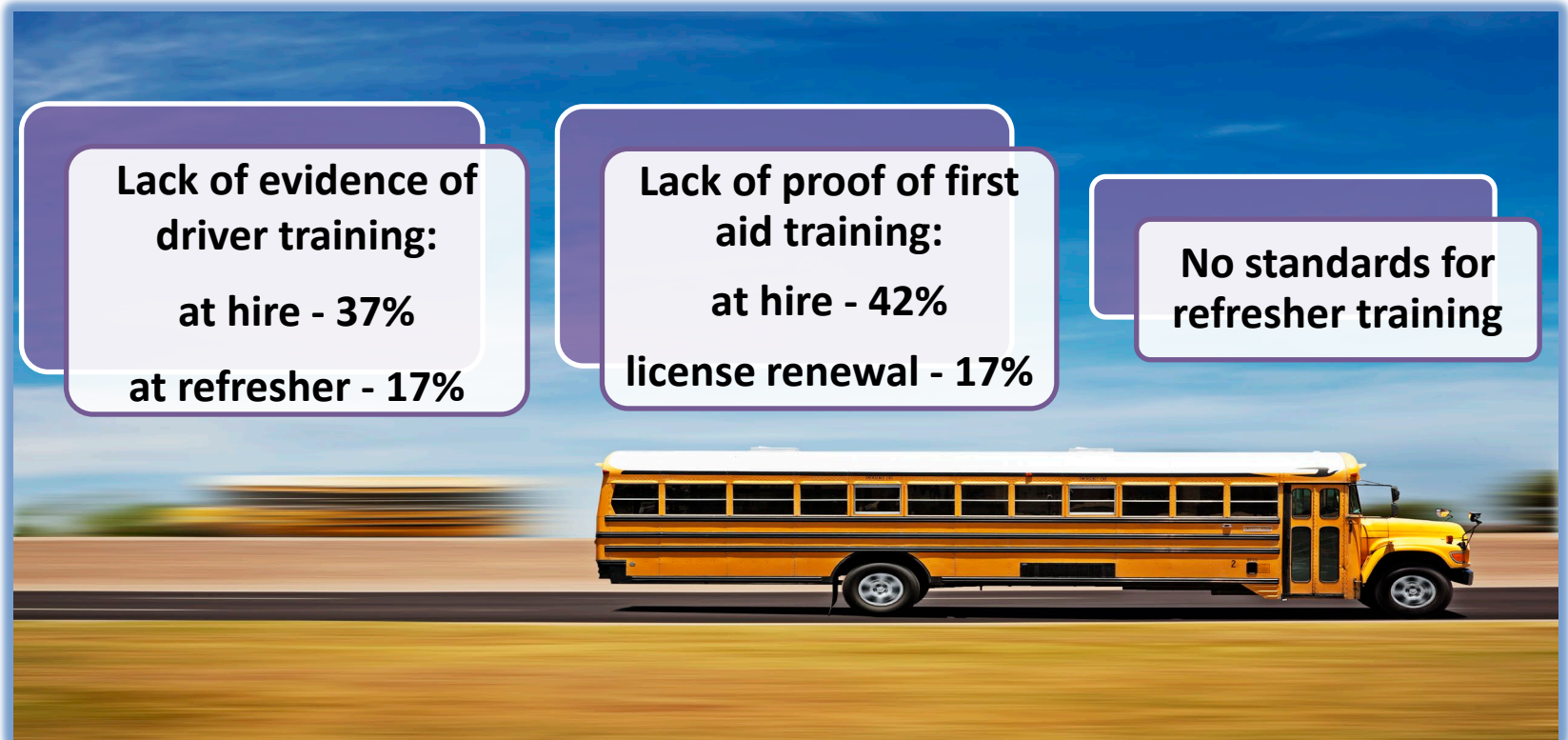


Non-compliance with Driver Employment Standards

- Lack of criminal record checks
 - 20% did not have a criminal record check on file



Non-compliance with Driver Employment Standards

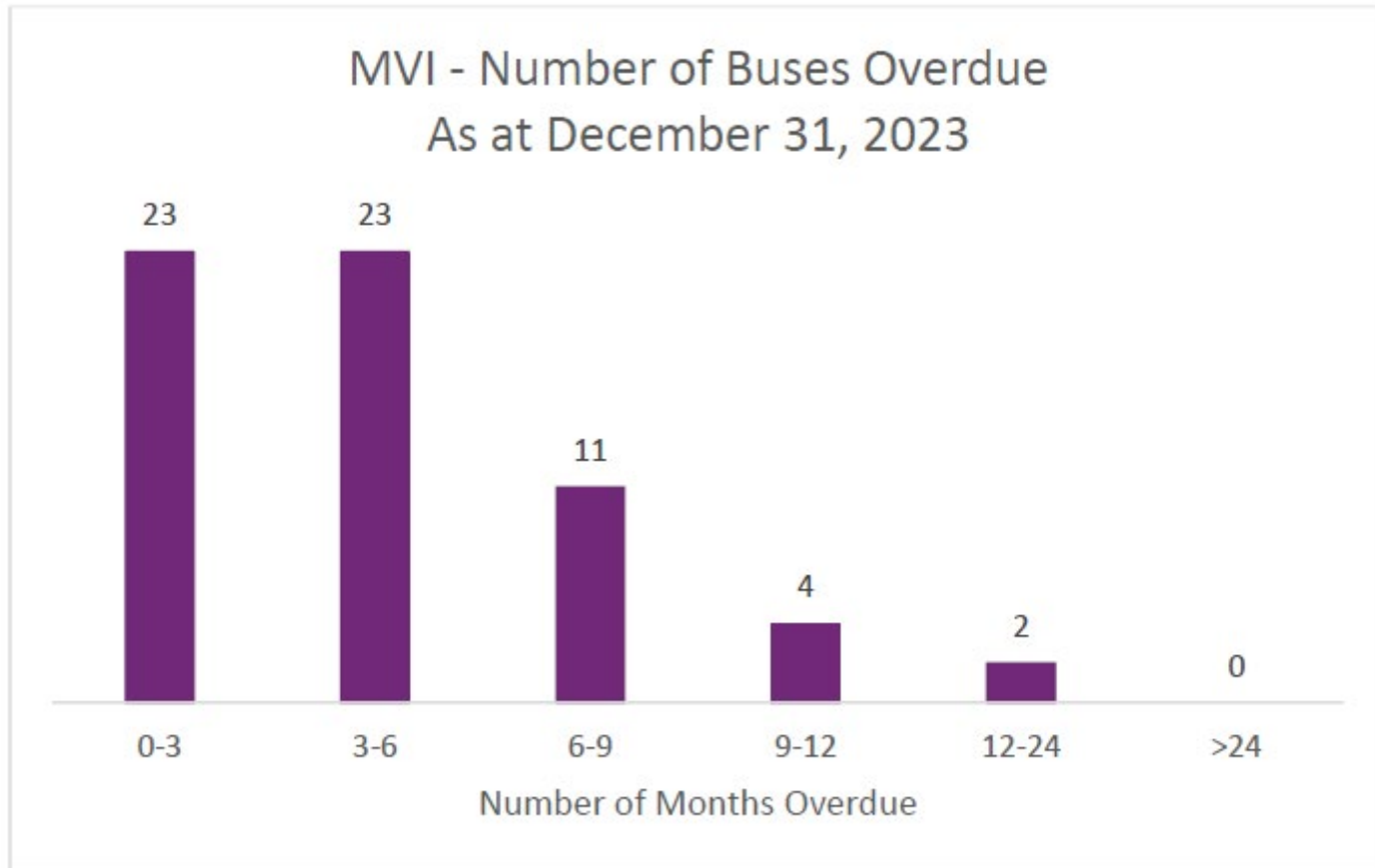


Lack of Performance Appraisals

Of the 65 driver personnel files tested, 68% had not had performance appraisals in the last five years



Past Due Motor Vehicle Inspections



Mechanical Inspections and Preventative Maintenance

- Mechanical inspections conducted randomly and without notice
 - 45% of reports during our audit period identified at least one defect
 - 18 buses placed out of service as a result of these inspections
- Preventative maintenance
 - 212 buses past due semi-annual maintenance
 - 99 buses past due annual comprehensive inspection

Strategies to Ensure Sufficient Staffing Levels

- The department was in the early stages of developing a recruitment and retention strategy
 - No established targets and objectives for staffing levels
 - The strategy has been put on hold due to other priorities

Summary of Recommendations

- Ensure bus drivers:
 - Are in compliance with employment standards
 - Have completed all required training
- Perform regular performance appraisals of school bus drivers
- Ensure that all school buses receive motor vehicle inspections and all scheduled preventative maintenance
- Develop a strategy that addresses bus driver recruitment and retention and establish a contingency plan to address short-term driver absences



New Brunswick Housing Strategy: Housing for All

New Brunswick Housing Corporation

Volume I - Chapter 4

AUDITOR GENERAL
OF NEW BRUNSWICK



VÉRIFICATEUR GÉNÉRAL
DU NOUVEAU-BRUNSWICK

Details of the Audit

Objective:

- To determine if the NB Housing Corporation has adequate mechanisms in place to ensure the ‘NB Housing Strategy: Housing for All’ stated targets are achieved

Auditee:

- New Brunswick Housing Corporation (NBHC)

Background

- NBHC released the NB Housing Strategy: Housing for all (the strategy) in June 2023
 - The strategy documents a vision, guiding principles, goals, targets and actions for the first three years of the 10-year plan
- Budget of \$551 million

Housing Strategy



Summary of Findings

- The housing strategy established targets and measurable actions
- Ownership of initiatives clearly assigned
- Improvement opportunities in linking actions to targets, project planning and transparency
 - E.g., timelines, key milestones, budget details, overall costs to government
- Public performance reporting mechanisms have not been established

Improvement Opportunities

- The strategy has four clearly established targets
 - Two targets did not provide a baseline
- The strategy highlights 22 actions
 - Actions were not clearly linked to the targets
 - Actions not clearly linked for mid to high income households
- Targeted income levels not defined

Improvements Required for Transparency

- In some cases, overall projected costs to government were not disclosed
 - 50% of actions had no noted overall cost to government
- In some cases, actions lacked program funding details

Project Planning and Tracking

- A comprehensive tracking document is used as a tool to track progress of the actions. We noted:
 - Executive owners have been assigned
 - 36% actions missing key milestone information
 - 36% actions without a start and/or end date target
 - Budget to actual spending was not included

Lack of a Public Reporting Strategy

- No established reporting plan
- A one-page update was published at the six-month mark
 - Provided the status of 21 of the actions
 - 16 actions are identified as “in progress” but no further information was provided



Summary of Recommendations

- Publish linkages between the stated actions and the targets they support and the impact within each strategic pillar
- Document how actions impact targeted income levels
- Publicize baseline data for the established targets
- Calculate overall costs to government for all actions
- Define income levels
- Ensure project plans and status tracking tools include key milestone information and budgeted to actual costs
- Establish a performance reporting strategy

Response to AGNB Recommendations

- Total of seven recommendations to the NB Housing Corporation
- The Corporation agreed with five of our recommendations



Mental Health Trust Fund No. 9

Departments of Health and Finance and Treasury Board

Volume I - Chapter 5

AUDITOR GENERAL
OF NEW BRUNSWICK



VÉRIFICATEUR GÉNÉRAL
DU NOUVEAU-BRUNSWICK

Details of the Audit

Objective:

- To determine if the Department of Health and the Department of Finance and Treasury Board have effectively fulfilled their obligations pertaining to the Mental Health Trust Fund No. 9

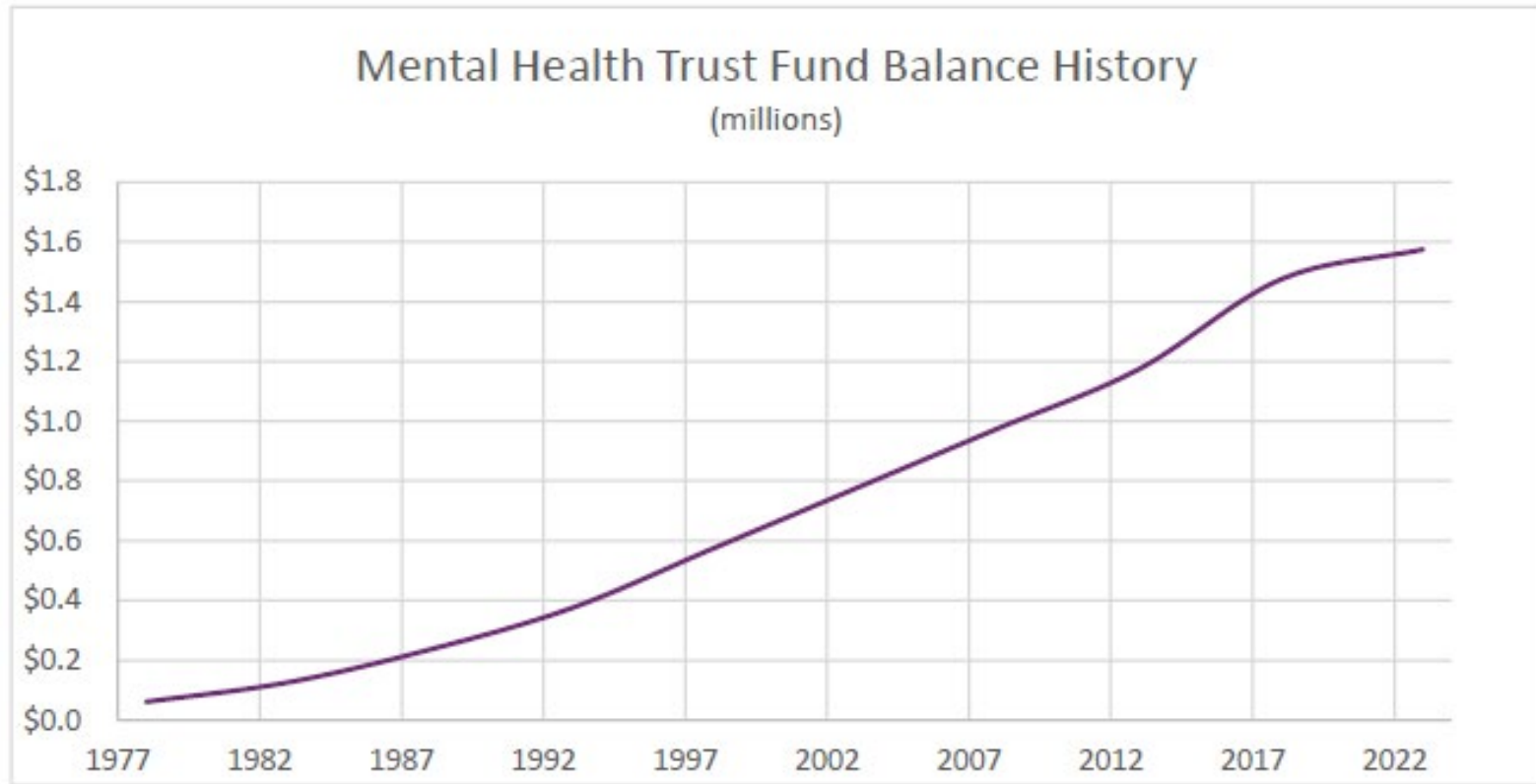
Auditees:

- Department of Health (DOH)
- Department of Finance and Treasury Board (FTB)

Background

- The Mental Health Trust Fund No. 9 (the Trust) was established in 1977 designated for psychoanalysis treatment
- Terms of the trust assigned responsibilities to DOH and FTB
- Demand for addictions and mental health services continues to rise in New Brunswick

Steady Growth in Value Since Trust's Creation



Trust Effectively Administered by FTB

- FTB has effectively fulfilled its duties as the administrator of the Trust
 - Annual financial reporting including disclosure in Province's audited consolidated financial statements
 - Safeguarded trust assets by making investment decisions in accordance with Trust investment policy
 - Shared information and sought input from DH

Lack of Timely Effort by Department of Health

- Department of Health has not effectively fulfilled its duties to utilize the Trust funds
 - Mechanisms are not in place to allow for timely use of the Trust as intended
 - Current DOH officials do not have an adequate understanding of the Trust and its history

Recommendation

- DOH take action to develop and implement a comprehensive plan to use the funds as per the terms of the Trust
 - Include regular updates to FTB on progress of Trust programs and cashflow requirements

Questions