

PRINCE EDWARD ISLAND LEGISLATIVE ASSEMBLY



Speaker: Hon. Francis (Buck) Watts

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Standing Committee on Public Accounts (Updated Version 2 October 2017)

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SUBJECT: REVIEW OF REPORT OF AUDITOR GENERAL MARCH 10, 2017

COMMITTEE:

Dr. Peter Bevan-Baker, Leader of the Third Party
Jordan Brown, MLA Charlottetown-Brighton [Vice-Chair]
Kathleen Casey, MLA Charlottetown-Lewis Point
Darlene Compton, MLA Belfast-Murray River
Bush Dumville, MLA West Royalty-Springvale
Sidney MacEwen, MLA Morell-Mermaid (replaces James Aylward, MLA Stratford-Kinlock [Chair])
Chris Palmer, MLA Summerside-Wilmot
Hal Perry, MLA Tignish-Palmer Road

COMMITTEE MEMBERS ABSENT:

James Aylward, MLA Stratford-Kinlock [Chair]

MEMBERS IN ATTENDANCE:

none

GUESTS:

Auditor General's Office (Jane MacAdam, Gerri Russell, Barbara Waite)

STAFF:

Ryan Reddin, Clerk Assistant (Research and Committees)

Edited by Hansard

The Committee met at 10:00 a.m.

Chair (J. Brown): I'd like to call the meeting to order. As you likely recall, I'm Jordan Brown. James is not able to be with us here today, so I'll be chairing the meeting.

We're back finishing up, hopefully, the report from 2017. That all being the case, where I think this committee is here for the first time today in the Legislative Chamber, the cameras are recording what we do, so we're under a little bit heavier of a procedural load than we had previously been. Which is really to say, that definitely now, only one person can speak at a time. If more than one person speaks at a time, the cameras and the microphones default back to the Chair's table.

What we will do is, in turn, if members could get the attention of the Chair or the clerk if they wish to speak, and then we'll direct traffic that way. We'd really ask that too, from the presenters, if you can ensure that you only go one person at a time and take the time to indicate who it is that's speaking, that would best for the people that are doing the recording and very much appreciated. I think that's generally the field that we're supposed to give to get these meetings going.

Perhaps without further adieu, I'll call for a motion to adopt the agenda.

Ms. Casey: So moved.

Chair: Thank you, Kathleen.

Unless you folks have any questions on the procedural piece in particular, or anything else, we'll move right into things.

Jane MacAdam: We were in the Seniors Housing Program chapter of the 2017 annual report and we were beginning the section on the assessment process which starts on page 55.

We noted some deficiencies in this process. Perspective tenants complete an application and are interviewed by housing officers. The housing officer scores the applicant on various factors and then signs an overall score. The applicant's name is placed on a

wait list in accordance with his/her score and preferred locations. This wait list is used to select applicants when vacancies occur. So that's a bit of a background.

In the program policy, three of the assessment categories; assets, income, and housing, comprise 50 out of the possible 100 points. For these categories, the current practice is for the applicant to self declare information. We noted that the housing officers do not verify this information prior to assigning a score.

Also on the assessment form, the housing situation category is the most significant with a maximum of 25 points available. During our work, we also noted that there were inconsistencies in how housing officers assigned scores in this category. We noted examples of similar scoring with widely contrasting living conditions.

We also noted some areas of non-compliance with policy. We noted errors in the assessment score in 11 of the 30 files examined and these errors were the result of housing officers applying the scoring system incorrectly, making calculation errors and applying outdated Old Age Security and Guaranteed Income Supplement levels at the time of assessment.

Management informed us there is no quality control review process performed on the assessment forms completed by the housing officers. Such a review, even on a random basis, could assist in identifying inconsistencies and errors. It would also serve as feedback and guidance to staff and provide assurance that needs are being assessed as intended by policy.

We made three recommendations to improve the assessment process and these recommendations are in paragraph 4:40, 4:41 and 4:42 of the report:

4.40: The Housing Services Division should establish a process for housing officers to verify income, assets, and housing costs at the time of application.

4.41: The Housing Services Division should ensure that housing officers comply with policy in assessing applicants.

4.42: The Housing Services Division should implement a quality control review process for assessments.

That completes that section. The next –

Chair: Jane, just if we could, Sidney MacEwen and then Kathleen Casey.

Mr. MacEwen: Thank you, Chair.

Thanks, Jane.

In 4:37 when you say you noted errors in the assessment score in 11 of 30 files; were the assessment scores consistently being used or was there occasions where there was no even assessment? When you say an error, could that mean there wasn't even an assessment, or is typically an assessment for the scoring assessment filled out every single time?

Jane MacAdam: Well, there were assessments that we looked at, forms that we looked at, so the errors were calculation errors applying outdated Old Age Security and Guaranteed Income Supplement levels; those kinds of errors. But, there were forms.

Mr. MacEwen: Jane, would every case have an assessment though, I guess is my question? Did you find files where there simply was no assessment?

Jane MacAdam: No. We didn't find any that didn't have an assessment.

Mr. MacEwen: Thank you.

Jane MacAdam: They all had an assessment.

Chair: Kathleen Casey.

Ms. Casey: Thank you, Mr. Chair.

Jane, I've always found that the scoring was so subjective and depending on the housing officer who was doing it. For instance, what does it mean – what would – in the line that says: Interviewer assessment, maximum 5 points. What would determine whether or not a person would get a one or a five in the interviewer assessment? I'm just wondering: What does that section entail? What does an interviewer look for during the interviewer assessment?

Jane MacAdam: There were other – there could be other factors to consider. For example, medical costs. That could be an example but again; it's up to the housing officer. It's very discretionary, those five points.

Ms. Casey: What always concerned me is if there was person A and person B, if an interviewer gave one point to person A and five points to person B and say they were both equally merited, it might throw one over the line that says: Yes, I qualify for housing. Where as if they got a one; if person A got a one, then they don't qualify for housing, do you know what I mean?

Jane MacAdam: Right.

Ms. Casey: I always questioned that assessment and the subjectivity of the assessment, and I'm really glad to see the recommendations that you've proposed for this. I've always had a problem with the subjectiveness of the housing.

Jane MacAdam: Yeah, so one of those recommendations really addresses that consistency because we did note some inconsistency.

Chair: Chris Palmer.

Mr. Palmer: Thank you, Chair.

Thanks, Jane.

To follow along with Kathleen's question, around the assets, income and housing costs, is there a scale with each of those? If your income is 0 to 5,000 do you get 20 points and then from 5,000 to 10,000 there's another determination of points? Is there a scale associated with that?

Jane MacAdam: For example, with the income there's a maximum of 20 points assigned for income, but that's reduced if your income is over the maximum OAS and GIS. So the more income you make over those levels, you'd get reduced points.

Mr. Palmer: Is there a scale for those amounts of, if you make 5,000 more you lose five points or 10,000 you lose 10 points? Is there a scale or is it certainly up to whoever is doing –

Jane MacAdam: There is a scale.

Mr. Palmer: You've been provided that? Is that information available to the applicant, as well, to understand the scoring?

Jane MacAdam: Well, the housing officer does interview the applicant so there is a process there to share the information at that stage, I would assume.

Mr. Palmer: Thanks, Chair.

Chair: Just a quick note on that too, because I just went through this with a constituent – you can get them at any point in time if you wish to review them.

Mr. Palmer: Okay.

Chair: Peter, you had a question?

Dr. Bevan-Baker: Thank you, Chair.

Jane, you mention in paragraph 4.38 that the difference of even a small number of points can determine whether or not an applicant receives a unit, and given that 50% of the scoring, 50 points out of the 100 are unverified, I'm also really glad to see that that subjectivity is – you've recommended that they do something to alter that. But, my question surrounds the various categories in the scoring system.

I'm wondering if you know when that scoring system was established and if it mirrors other provinces, and if it has ever been reviewed.

Jane MacAdam: I'm not sure when it was established. It is in the policy and that's something that we did not look at as part of this audit. We looked for compliance with the policy that was established, but we did not try and ascertain whether or not this would be a good scoring system, that the points were assigned in the right areas or anything like that. We just checked for compliance with the policy.

Dr. Bevan-Baker: Thank you, Chair.

Chair: Kathleen, did you have a question?

Ms. Casey: I did, thanks.

Thank you, Mr. Chair.

Jane, when you mentioned about verifying the information, could you go over that again and talk about what your findings were?

Jane MacAdam: In paragraph 4.35, for example, this is one particular instance. We noted an applicant received a senior's housing unit, but subsequently, when the income was verified to calculate the tenants rent additional income was noted. So really, if the income had been verified at an earlier stage, the applicant would have had a lower score and they may not have received a unit. That's one instance that we noted in our sample, but that could happen more often.

Ms. Casey: Thank you.

Chair: Darlene, you had a question?

Ms. Compton: Yes, thank you, Chair.

Just further on that, your example; one of the scoring parameters is applicant's responsibility. So would that fit under applicant's responsibility as far as not providing the right income? Can you extrapolate on what the applicant's responsibility would be?

Jane MacAdam: For example, that could include their ability to maintain a unit. If they were to get a unit would they be able to maintain the unit? That's an example.

Chair: Darlene Compton.

Ms. Compton: Just on that note, we're talking about seniors, so they obviously can't live in their home anymore and we don't want them at a long-term care facility until they need to go, so how is that determined, responsibility as far as being able to look after the unit? Again, pretty subjective and it is a home for them until they need to go somewhere with more assisted living. To me, that whole five points is pretty subjective, again.

Jane MacAdam: Yes. It could be very discretionary.

Ms. Compton: Really then, it's up to the officer whose –

Jane MacAdam: Yes.

Ms. Compton: Okay.

Chair: Kathleen Casey has a question.

Ms. Casey: Thanks.

Jane, when you were doing your findings on the Seniors Housing Program, what did you find out about accessible units?

Jane MacAdam: It was indicated that there were 44 accessible units, but in terms of accessibility, we didn't look at the degree of accessibility. This was just information that was received from the housing division.

Ms. Casey: The accessible units, the 44 units; do you know where those 44 units are located across the Island? Are they located in the Charlottetown area? Are they located in Summerside?

Jane MacAdam: I'm not sure, but I'm sure the department would have that information.

Ms. Casey: Thank you.

Chair: Sidney MacEwen.

Mr. MacEwen: Thank you, Chair.

Sorry Jane, when you said that you got the information about the 44 accessible units, did the department give any indication of a plan for more?

Jane MacAdam: Pardon?

Mr. MacEwen: When you got the information about the 44 accessible units, did the department give any indication that there was a plan for more accessible units?

Jane MacAdam: No. I didn't get an indication that there was a plan for more. But I mean we did make a recommendation that they develop a plan for seniors housing, which is sort of broader.

Chair: Sidney MacEwen, are you done?

Mr. MacEwen: Yeah.

Chair: Bush Dumville.

Mr. Dumville: Jane, what was the number of waiting on the list for units?

Jane MacAdam: Well that's in the next section, actually, we're going to talk about the wait list.

Mr. Dumville: Okay, thank you so much. I'll wait.

Jane MacAdam: (Indistinct) wait?

Mr. Dumville: I'll wait.

Jane MacAdam: Okay.

Chair: Sorry, we're just going to take two seconds to swap out chairs here.

Sorry about that, the camera operator was saying that they couldn't hear me through the mic which was, I think, because I was reclined in the chair.

Sorry for the interruption.

Mr. Dumville: I'm satisfied for now; it's coming up later.

Chair: I had a question myself, actually, following up on those points.

When you went through this process, did you actually go as far as to check with any of the individuals that had gone through the assessment to ensure that the information that they gave was – they felt was accurately reflected in the assessment form?

Jane MacAdam: No, we didn't interview any applicants or follow up with any applicants; we just dealt with government employees.

Chair: I'll tell you the reason I ask this and it may lead to comments, it may not, but it's something that I think is worth stating here on the record anyway. I'm going to give two different situations that I've encountered in my consistency.

I had one lady who is I think 71; she's had health issues over time. She actually is effectively homeless. But when she did the intake assessment she was living, basically, in a friend's porch, is the blunt reality of it. They did the assessment based on her living in the friend's porch and there is a portion of the criteria – you had the list someplace I think – as to what the scoring had looked like.

Ms. Casey: It's on page 55.

Chair: That had talked about – my recollection is it had to do with her – yea, housing situation at the bottom of page 55, maximum of 25 points. So she was scored based on the friend's housing situation, living in a porch. It could certainly be worse than that, but the blunt reality was, she was basically couch surfing in a friend's porch. I think they were given – I forget whether 25 is good or bad – but whatever it was, she was given pretty good points on that 25 but it wasn't reflective that she was couch surfing. She's 71-years-old and she's got pretty severe health problems and the whole rest of it.

That was a pretty big kind of issue for me. If you look at the form and the strict application of it, it may be fair that the assessor looks at it in that way based on how it's worded. But I think if you're looking at the persons situation, she was effectively being held – it would behoove her to actually become homeless for a couple of nights, do the assessment and see if she could get in that way. Quote-on-quote, get in.

Then the next piece of it, I have a constituent that has a disability, kind of went over the senior's threshold, but like disability, senior then partway through the assessment. You get into again, the housing situation in this case is living in an accessible spot, but the accessible spot, quote-on-quote, doesn't work for him because he can't get into the bath tub, as an example. He can't get in under the sink to do dishes. There's all these things that he – basically accessibility in that situation in a private landlords spot was set up to mean, there's nowhere in the unit that a wheelchair can't pass through. He's got a roof over his head but literally can't bath, would have trouble doing the dishes, would have trouble cooking meals, all those different kinds of things. Again, the form doesn't reflect any of that stuff because it's based on like a strict kind of criteria that doesn't translate, if you know what I'm saying.

Those are the real situations we deal with on a day-in-day-out basis. I'm just wondering if there's any discussion from the government folks that are using that form that our form maybe needs to be updated or we wish we

had maybe a more subjective ability to score or – I don't know, but it just seems to me that the situation on the ground – and I get that it needs to be fair for everybody going through – but it's hard to fit square pegs in round holes and the form seems to lack, in particular, in relation to the people that we hear from day-in-day-out.

Jane MacAdam: Right. We noted during the audit there was no quality control review process on these forms. At a minimum, on a random basis, if these forms were even being looked at by management, I think more of those inconsistencies would be picked up. If there was a lot of subjectivity being applied and a lot of inconsistency, I think that's red flags that would be raised from management to look in to why these inconsistencies are happening and what they can do about it. I mean that's one possible solution. I don't believe that they talked about revising the forms when were conducting the audit. There was no discussion around that.

Chair: Maybe ask a follow-up question.

What I've done in these couple of – I should say – currently going through these right now, so I'm not sure how this is going to work out. What I done in both of them is to deal with the person and say: You need to ask for another assessment. As it happens, both of them had their situations change anyway. You need to ask for another assessment, you need to highlight the fact that in the one lady's case, you were living in a friend's porch and she's now not living in the friend's porch, she's living someplace else. But just again, for a periodic moment and the other fellow's case, his situation is changed too. But we need to highlight the fact that this is not reflective of – your initial application is not reflective of your situation and see.

I guess the question I have for you guys is: Have you seen that where people have applied, filled out the form? Or, their intake worker has filled out the form one way, and then they apply again – whatever it might be, six months or whatever later – and the same person with the same information has a different version of the form filled out that results in a materially different score.

Jane MacAdam: In our work that we did, we didn't note any particular examples. But part of the process is that the housing officers are to reassess the situation of the applicants, at least annually. If situations change, they should be aware of them. It's incumbent on the applicant as well to come forward if their situation has changed.

Chair: Bush Dumville.

Mr. Dumville: Just on a point – we were talking here about nailing down subjectiveness, but is there any way that you could have an extraordinary review process to get away from subjective, as probably it goes to a panel or something to access something like Jordan's case?

Jane MacAdam: Later on in the report we talk about some of those situations where there wasn't enough documentation on file to support the decision that was made. In these situations, we expected that in the exceptions it would be approved at a higher level by senior management. Certainly, I mean this is just a policy, right? If there were exceptions, most policies allow for exceptions as long as the exception is approved at the right level in the organization.

What we found here was that sometimes housing officers were making decisions. They may have been good decisions at the time, but that's not really how the policy works. They should have sought higher approval before making those exceptions.

Mr. Dumville: Thank you.

Chair: Anybody else?

I guess we're good to move along.

Thank you.

Jane MacAdam: The next section is wait list management.

We noted that the division does not maintain an accurate wait list for the Seniors Housing Program. In total, there were 13 wait lists maintained by the various offices as follows:

Charlottetown - 1;

Summerside - 2; and

Montague/Souris offices - 10.

In reviewing these lists we noted a number of issues:

Applicants included on multiple lists in accordance with their location preferences;

Tenants who are already living in a unit and are requesting a transfer were on the list;

Applicants who had cancelled or are already placed in a unit but the wait list had not yet been updated; and

There were applicants whose name was listed more than once on the same wait list.

Management provided us with 13 wait lists as of August 2016 and that list included 944 names. After reviewing duplicates and transfer requests, we reduced that number to approximately 860.

Another key finding –

Chair: Sorry, Peter has got a question there for you.

Dr. Peter Bevan-Baker: Thank you.

Jane, that was obviously a very important piece of work and you reduced the – or I should say you consolidated the waiting list there to a much more accurate one. Can you tell us approximately how many hours work that was to do that?

Jane MacAdam: To do that particular work it wouldn't have been too time consuming, but we didn't expect to find that much of a difference, really. Once we started finding some discrepancies we had to just keep going. I can't really approximate the hours because we looked at so many things and when we do these audits, waitlist management is one area, but we sort of combine different parts of the audit together so I don't necessarily have that isolated.

Chair: Peter.

Dr. Bevan-Baker: I take it from that, Jane that we can conclude that that sort of process is not done on a regular basis within the department. Have we any idea as to when the last time a review of that waiting list might have been done internally?

Jane MacAdam: They did hire – I’m just looking for the information. The housing division did hire someone to do work on their waitlist and I’m just looking for the date here. In September of 2015 management looked – they hired a consultant, but they did an analysis on the waitlist at that time.

Chair: Darlene.

Dr. Bevan-Baker: Oh –

Chair: Oh sorry, Peter had a follow-up.

Dr. Bevan-Baker: Jane, given that you mention – I can’t remember the exact words you used, but that this was not a terribly time consuming process, were you surprised that this isn’t something that they may have hired an external – paid for external help, in order to do this? Is that not something that the department itself would have been capable of carrying out?

Jane MacAdam: We would have expected that waitlist information would have been available in the division, but it just wasn’t being compiled and managed adequately. So yes, it’s something that we would have expected would have been done all along.

Dr. Bevan-Baker: Thank you, Chair.

Chair: Darlene.

Ms. Compton: Thank you, Chair.

Just on the waitlist, I know I asked I think the question at one of the meetings about why there were 10 lists for Montague-Souris area and I did get a response on that. So, because there is that number of seniors’ units, Eldon would have a waitlist; Murray River would have a waitlist. I’m just wondering: Is there a compiled database where – I just know from my previous career that you get calls saying: I want to be on the waitlist. It could be five years later and they’ll call again and say: I want to be on the waitlist, make sure I’m on there.

If there’s not a central database of names, and for my own district someone could live in Dover, say, and be quite happy to go to Eldon or Murray River if you’re in the middle, so I’m just wondering are they managing that? Obviously they weren’t

because you’ve found discrepancies there, but is that part of the recommendation or did you talk about that at all as far as having a central database?

Jane MacAdam: Yeah, we did have a recommendation on that in 4.52, that the housing services division should develop a process to ensure accurate relevant waitlist information is available for the Seniors Housing Program on a timely basis. So there should be information available that’s up-to-date and reliable so that you can go on and look at any point in time and know where you are on the waitlist, what your score is, what your location preferences are, what your other needs are and that should be accessible to all the housing officers.

Chair: Darlene Compton.

Ms. Compton: Just on that note, if we’re going to continue to have 13 lists, it’s going to be a little bit more difficult to manage unless there is a central list of some sort, and is there a central list now? Can you answer that?

Jane MacAdam: No. There’s no central list.

Ms. Compton: So the housing officer, say, in Montague, would be the go-to person for the lists or –

Jane MacAdam: For Montague, the way the system worked when we did the audit – if you wanted to go to Montague you would be on the Montague list. But what happened, we found during the audit that sometimes a person would have a second preference. For example, their first preference may have been Montague and their second preference may have been Charlottetown, so they were on the Montague list, but then when a vacancy came in Charlottetown they may not have been considered because they weren’t managing the waitlist information and sharing information among offices on preferences and other requirements. That’s just an example of what we found during the audit.

Ms. Compton: There is still no recommendation to have a central list versus managing those 13 lists on their own?

Jane MacAdam: We didn't go so far as to say have a central list, but to ensure there's accurate, relevant waitlist information available on a timely basis. I mean, you could – maybe the housing officers want to have a list, but they should be able to look on a central database and see – it might not be a list, but they should be able to share all of the information among offices. Whether you call that a list or a database where you can interact with all of the offices –

Ms. Compton: There wasn't a specific recommendation to have a central list; it's just making it more accurate and relevant? So each list accurate and relevant or – do you know what I'm getting at (Indistinct)

Jane MacAdam: (Indistinct) say for the program. So it's for the program as a whole, is what we meant in that recommendation. It's for the entire program. It's not just for Montague or for Charlottetown or Summerside; it's for the program as a whole.

Ms. Compton: What they take from that is going to be subjective, I guess, I would think. If you're not going to specify: This is how you should do it; we need to have a central list for all of PEI or for Montague, for Souris – even divided into four. I'm just playing devil's advocate here because if you're not being specific, obviously there were problems there before that weren't being dealt with and we're all human. My interpretation of something might be totally different than yours, probably is, and if we're saying: I feel we have an accurate list – I'm sure they felt they had an accurate list or they wouldn't be working efficiently.

The recommendation needs to be specific enough that – and maybe the department will rectify that, but that's my concern because the example I used; someone who lives between Eldon and Murray River might be happy to go to either one of those and unless the housing officer understands that or the person whose respective resident understands that, it might never come up. That would be my concern as an MLA in dealing with constituents.

Jane MacAdam: Okay, I can tell you what management responded to that recommendation if that would be helpful.

Ms. Compton: Sure, yeah.

Jane MacAdam: It says that: Staff have been working on initial specifications for the database, including what data fields need to be collected. It is expected that the current database used in Charlottetown can be updated for use by the entire program.

So it sounds like they're going to take the database that's currently being used for Charlottetown and they're going to use it for the entire program. That's how they're going to –

Ms. Compton: Again, not really solving the problem. That's what I'm getting at. That's not solving the problem. That's great that Charlottetown's can be used for everybody, but what about Montague's being used for everyone or – circumstances do change and you could have a family member who's living in Summerside now and now will say: I will be quite happy to go to Summerside. But, if you're not on an Island-wide database – this is what I'm getting at. If we're going to make recommendations we need to ensure that what is happening is going to make a difference. I guess that's what I'm getting at, so just questioning the lists and how they will improve in the future.

Jane MacAdam: I think the intention was that it be an Island-wide database. That's the intention of the recommendation.

Ms. Compton: Okay.

Chair: Sidney MacEwen.

Mr. MacEwen: Thank you, Chair.

Jane, in 4.51 you talk about the division carried out an analysis of the September 2015 waitlists. Is that the consultant report that Peter was talking about in his question?

Jane MacAdam: Yes it was, yes.

Mr. MacEwen: Chair, would our committee be able to request that report to see what the analysis was of that?

Chair: Specifically, are you making a request that we request it?

Mr. MacEwen: Yeah.

Chair: Okay.

Mr. MacEwen: I think it would be interesting to see what that report came up with, along with Jane's recommendations.

Chair: Does anybody have any issue with that? No.

Jane.

Jane MacAdam: I'm not sure if there was a specific report produced as a result of the work.

Mr. MacEwen: Sorry, you did say analysis, so I –

Jane MacAdam: Yeah, there was an –

Mr. MacEwen: – I don't mean to put –

Jane MacAdam: – analysis done.

Mr. MacEwen: I know. I don't mean to put words like it was a report. I guess we were requesting the analysis, whatever was there.

Chair: If you have – can you produce whatever you might have along those lines, do you think?

Jane MacAdam: You would have to get that from the department.

Chair: Okay. So we'll –

Mr. MacEwen: If the committee agrees.

Chair: Yeah. We'll send a request to the department to see what information they have.

Mr. MacEwen: Thank you.

Chair: I have a follow-up question on the lists, I guess, specifically as well, and that is: the way, either in the way it's set up or in the indicated way that it's going to change, if a person accepts – say they get to the top of the Montague, and this is old list versus what sounds like a new list system and I'm not sure it might be different, the answer might be different in most situations, and a little bit to Darlene's point, if the person is, say, living in Georgetown and an opening comes up in Charlottetown but really their preference would be Montague, do they stay

on the list to go to Montague if they accept that Charlottetown position in the way things are right now?

Jane MacAdam: In that case you could do a transfer request.

Chair: Okay, so that's a totally different list then. That list is set up kind of the same way – I presume there's a list for transfer requests. I guess we'll start with that.

Jane MacAdam: Just answer it.

Barbara Waite: We know that the transfers in the lists that we got, there were transfers there that were counted in the wait list, even though they already had a unit. They were asking for a transfer to a different location.

Chair: Okay, so they're kept on that same list, though, on the –

Barbara Waite: They were at the time when we were doing our audit work and that's – we had to remove those in order to get an actual number of people waiting.

Chair: Does their score – this is back to my earlier questions now about the intake scoring – does their score change when they get into – so again, in that same situation, their score was whatever it was when they were in Georgetown, they've now gone and they're living in Charlottetown but really they're a half an hour away from their family or whatever. Does their score from Georgetown count, or are they reassessed like they were in Charlottetown?

Barbara Waite: I believe it's their original assessment. They're waiting on the transfer.

Chair: Okay, great. Is there any indication of whether that kind of thing will continue on in the new – if the Charlottetown list is going to be applied universally, I guess now?

Jane MacAdam: Yeah, I'm not sure how they plan to do it really. We'll go back in a couple of years and follow up to whether they've implemented the recommendation.

Chair: Okay, thank you.

Anybody else?

Kathleen Casey.

Ms. Casey: Thank you, Mr. Chair.

I just want to say thank you for the recommendation 4.52. For those of you around the table long enough, since I've been elected, know that housing has been one of my passions. That's the number one thing that I deal with in my district, and every minister responsible for housing receives at least one to two questions from me every session on housing, specifically waiting lists, and I still have yet to receive an answer as to what's happening with the waiting lists.

I will continue to promote your recommendation 4.52 about the timely review of waiting lists, and you can expect another question in the House this year on that question. If I had a list of questions that I've asked over the years that would probably be the number one question that I ask.

I'll be following that recommendation, and hopefully it'll work out that we won't have to have another recommendation like that again.

Thank you.

Jane MacAdam: So I can just review this key finding. We did note that the Division does not have an adequate system for capturing and managing relevant information on program applicants.

We noted the wait lists are not conducive for management and staff to perform analysis. The amount of information maintained on the 13 wait lists varies substantially. For example, the original assessment date of the applicant is not recorded on the wait list for all offices, which makes it difficult to determine how long an individual has been waiting for a unit.

The current format in all offices does not allow the housing officers to easily sort for important applicant information, such as second and third location preferences, pets, smoking, parking, wheelchair accessibility. Offices use different software programs to maintain wait lists, making it difficult to efficiently consolidate and share information among offices. So management cannot

readily obtain summary profile information on applicants such as the number of applicants, the average scores, the age of the applicants, the percentage of applicants at various scores, etc. So that's what prompted the one recommendation that we made there in 4.52 that we've already talked about.

Chair: Can I just ask a question.

So the Charlottetown list we're going to call it now, is it automated or is it a handwritten list?

Barbara Waite: It's Excel.

Jane MacAdam: It's Excel.

Chair: Excel, okay.

I guess I should ask maybe one more than that – is it shareable? How is the Excel accessed? When I say that, does the manager in Montague and I forget what all the areas are but in the different areas, would the on-the-ground people in those different areas all have access to that Excel spreadsheet?

Barbara Waite: I don't believe so, among the different offices; but within Charlottetown, all the housing officers use it.

Chair: Do we know the forms – I know these, I've seen them, are actual handwritten forms – are they PDF to that spreadsheet or somehow attached to that spreadsheet or are they – what information is contained in the spreadsheet?

Barbara Waite: The forms are filed in with each client's file. So you can take the name from the wait list and trace it into an actual with the assessment and notes and things like that.

Chair: Do you know what's actually in the spreadsheet? Is it just name and score?

Barbara Waite: I think we indicated that there's particular information in Charlottetown. It does have location preferences, category points. It does have some specific information in Charlottetown. It was one of the lists with the most information accessible within it.

Chair: So and that's the one that's going forward, was that – the spreadsheet we're talking about now is the Charlottetown spreadsheet which is, we gathered, going to be the one that's used going forward.

Barbara Waite: The department has indicated that they're going to be able to adapt that database and use it.

Chair: Thank you.

Jane MacAdam: Another area examined was the selection process. We expected the applicants with the highest assessed score to be considered for any unit that was suitable for their needs and supporting documentation to be maintained for any exceptions.

So we examined 106 placements made during our scope period. For each placement, we examined the recommendation form supporting the placement decision. For any applicants on the wait list with a higher score, we examined documentation on file to support why they were not recommended for the unit.

Overall, we noted deficiencies in 17 placements. In some cases, applicants were not recommended for units and either should have been recommended for the unit or the exception to policy should have been approved by senior management. In many cases, there was no documentation to support the decision to pass over other applicants with higher scores. These decisions impacted 25 applicants who had a higher assessed score than the individuals who received the units.

For the 25 applicants passed over for a unit, the difference between their score and the score of the individual who received the unit was sometimes substantial. There were five applicants where the housing officer did not consider each applicant's location preferences. When a unit became available in one of their preferred locations, they were not considered for placement.

There were four applicants where there was no documentation to support why the applicant was passed over and the housing officer could not provide a rationale for the decision.

There were six applicants where a verbal explanation for passing over the applicant was provided by the housing officer. However, there was no documentation in the file to support the explanation provided.

There were an additional ten applicants who did not have adequate documentation as to why they were not recommended for a unit. Housing officers expressed concerns with selecting these individuals for a unit where they may disrupt other tenants in the building. However, the explanations provided are not covered under policy and the decision to pass over these applicants should have been authorized at a higher level.

We also noted non-compliance with policy regarding the awarding of new rental supplements. In May, 2016, 25 rental supplement units for seniors were approved. These units could be located anywhere in the province. By September 1st, 2016, six of these new rental supplement units had been awarded and a tenant was living in the unit.

The policy for awarding rental supplements is the same as it is for provincially-owned housing units. Again, we expected the applicants with the highest assessed scores to receive the rental supplements with supporting documentation and approval for any exceptions to policy.

We reviewed the selection of tenants for these six units and we noted in all cases the policy was not followed. There were applicants with higher scores on the waitlist that did not receive the rental supplement, and the selection of tenants was not approved by the provincial housing supervisor. Exception to policy was not documented and authorized by senior management.

Chair: Jane, Sidney MacEwen has got a question.

Mr. MacEwen: Thank you, Chair.

Looking at 4.60 and true with all the numbers of applicants that were passed over for a whole bunch of reasons, some which sounds somewhat discriminatory. That means there are 25 people here that are not even being looked at for a spot.

I'm curious to know if you found out if these applicants have any concept that they're just being passed over every single time, and if there is ever any mention of something they can do so that they're not being passed over every time?

Jane MacAdam: With these, I mean there wasn't adequate documentation on file. It wasn't like there was documentation in the file that indicated there was discussion with a higher-scoring person. We would have accepted that as documentation to support the decision, but we didn't see that.

Mr. MacEwen: But, I guess my question is: They're on a list, but they're being passed over and they would have no concept that they're being passed over every single time. I'm wondering, or I guess that's my question: Is there any communication between the housing officer or someone senior to the housing officer and these people that are on the waitlist that are being passed over every time?

Because if I'm sitting at home and there is some unknown reason that I'm sitting home, and as I say, there's some discriminatory things here, or maybe I should be being looked at and placed in another location, I have no idea that that's going on. I still think I'm on a list waiting to get in, where actually I'm just being passed over every time for a variety of reasons where it could be documented or not documented.

So, is there any communication between housing officers and the people being passed over?

Jane MacAdam: In some situations applicants, they can be offered a unit and they don't take it.

Mr. MacEwen: Right.

Jane MacAdam: They make a decision that they don't want it. They're not ready to move.

Mr. MacEwen: Yes.

Jane MacAdam: But if that type of documentation had been in the file we would have considered that adequate documentation, so these are cases over and above that.

Mr. MacEwen: Yeah.

Chair: Sidney MacEwen.

Mr. MacEwen: Did the the housing officers – is there any communication between them and the people that are being passed over, as you say, because of addiction issues, behaviour issues, cleanliness issues.

Is there any communication back from the department to the people that are being passed over?

Barbara Waite: We were advised when we did the work that, in some cases, they do try to refer individuals with special circumstances to other services.

Mr. MacEwen: Yeah.

Barbara Waite: But for every specific placement that would come up they wouldn't contact them and say: you've just been passed over again. It depends on the situation.

Mr. MacEwen: Thank you.

You kind of see my point that there are a number of people that are being there that don't really have any idea that they're being passed over every time. I'm wondering if your three recommendations at the end would cover that.

I'm trying to close that communication gap. For someone that doesn't have an MLA going to bat for them; someone doesn't have a brother or sister that are trying to get them in. Do those people have an advocate for them, or are they just being passed over because they're sitting at home, or wherever they're at and not being realized they're being passed over.

I'm wondering is there any kind of a guarantee that eventually someone is going to follow-up with these people to say: you keep getting passed over because of A, B, C and D.

Barbara Waite: We make a recommendation in 4.72 that the housing services division should provide guidance to the officers regarding these challenging applicants. So we expected that would be something to say, types of referrals that they

could make, or how to deal with that situation, or maybe there are other services that could be involved.

Chair: Sidney MacEwen.

Mr. MacEwen: Of which could be a brand new policy to state: that's what we need, right? To say we need to, if the person is not getting in because of this reason that person should be recommended to go meet with somebody that can get them into a different kind of facility, or they need to be explained to why.

I guess we'll have to wait to see what the department's follow-up is on that.

Jane MacAdam: Right. But I mean, you're right, it could encompass that. When there are challenging placements and they're continually being passed over, I think the guidance could be to the housing officers, come forward and inform senior management, and senior management has to make a decision on how to address this on a go-forward basis.

Mr. MacEwen: Yes.

Jane MacAdam: Whether it's providing more referral services or more communication with these people in terms of their status on the waitlist. And the fact that they are maybe getting passed over and communication about why they're getting passed over and trying to deal with the root causes instead of just not communicating and not dealing with it.

Mr. MacEwen: That's exactly what I think the department needs to do and I appreciate that.

Thank you.

Chair: I'll just ask a follow-up question on that, too. I don't even know if this was in place when you were looking at this or not. I'm wondering if the hub model, quote-on-quote, if the people that are getting passed over would be the types of people that would be followed by the hub, the group of social services, police, all that group that meets whenever they meet?

Jane MacAdam: We didn't – we wouldn't know that from the work that we did. I mean

not all the people that got passed over were challenging clients either. You know what I mean? There were numerous different types of applicants that were passed over.

Chair: Did you go beyond the, they were passed over, to actually find out what the people's circumstances were that – in other words if it was a quote-on-quote difficult placement or whatever, did you actually check with them to see if they were a difficult placement?

Jane MacAdam: We did look at all the information that was in the file. In some cases it's clear that it would be a difficult placement and it could disrupt the other tenants.

Our issue was that those decisions are not just decisions of the housing officer that they need to – in accordance with the policy, they should – I mean the person with the higher scores is supposed to get the unit, so in these types of situations we would have expected them to have more documentation on file, and for any exceptions to go and have it approved by senior management.

We're not questioning the placement decision, it's just the documentation and the approval.

Chair: I don't recall this, but it's been awhile since I've kind of looked for it. Is there an indication in here as to what a difficult placement would be?

Jane MacAdam: Yeah, in 4.64, we were advised these applicants – I mean they have addiction issues, behavioural issues. I mean if you have – those are challenging situations, where they may disrupt other tenants in the building.

They may have a history with the housing division. They may have been in a unit before and it didn't work out. It's a difficult placement. There are various situations that can arise.

I guess I want to say again: it wasn't that we were questioning the decisions, it's questioning that it's the discretion of the housing officer alone, versus seeking higher approval.

Chair: I guess that's kind of my question. In the policy is there good guidance to a housing officer that would say – like as an example, a cleanliness issue. That could mean a lot of different things to a lot of different people. Or addictions issues, or even behaviour issues, it's the same kind of thing.

I appreciate that a lot of this has to be subjective. It has to be between the housing officer and the applicant, but from one to the next. Is there good guidance or examples or whatever, given in the policy as to what a cleanliness issue or a behaviour issue or an addictions issue or anything else might actually be?

Jane MacAdam: No, and that's why we made the recommendation that they should – the housing services division should provide some guidance to these housing officers in these situations.

Chair: Kathleen Casey.

Ms. Casey: Great, thanks.

Jane, I'm following along with all of these recommendations that you have made with regard to the Seniors Housing Program. Have you received a response from the department on if they've actually followed up on your recommendations and if they're carrying out some of the recommendations?

Jane MacAdam: Yes. I did receive a response on April 4th. They are working on the recommendations. Some of them they expect to complete by late 2017. Most of them will be – they expect to complete them in 2017.

Ms. Casey: Thank you.

Chair: Chris Palmer.

Mr. Palmer: Thanks, Chair.

Jane, did the department disagree with any of the recommendations, or did they agree with all of them?

Jane MacAdam: They agreed with them all.

Mr. Palmer: Okay, thank you.

Chair: Thank you.

Jane MacAdam: The next – I think we already dealt with the recommendation.

The final section of this chapter is on performance reporting. Quality public reporting on results of government programs is an important element of good governance because it supports accountability, transparency and sound decision making and stewardship of public resources. Some reporting on the Seniors Housing Program was included in the departmental annual reports as well as within housing corporation's annual reports. However, it did not include key performance measures. The division has not established performance indicators and has not been annually reporting on program performance.

We had two recommendations: The housing services division should establish performance indicators as a basis to measure and report on program performance, and should report publicly on the performance of the low-income seniors housing program.

That completes that chapter and there were 10 recommendations in total.

Chair: Peter Bevan-Baker.

Dr. Bevan-Baker: Thank you, Chair.

I'm so glad to see performance reporting appearing regularly in your reports, Jane, because too often we focus purely on the amount of money we're spending on a particular problem without actually assessing whether that money is being effective and whether things are producing the results that we want. I just wanted to say thank you for having that in and I hope that becomes a routine thing.

Thank you.

Jane MacAdam: Thank you.

The next chapter is on Special Assignment: Government Involvement with the E-gaming Initiative and the Financial Services Platform. Basically, in this chapter we list the recommendations arising from our special assignment. Government's response to each recommendation is provided based

on information received from Executive Council in February 2017.

We provide no assurance on the response provided by government. All recommendations have been accepted by government and we expect to follow-up on the status of implementation of these recommendations and report the results in our 2019 annual report.

The next section is on the update of previous recommendations.

Chair: Sorry, Jane.

Sidney MacEwen has got a question.

Mr. MacEwen: Thank you, Chair.

I'm just curious and I wasn't at the majority of those meetings, but what documents or requests to government from this committee might be still outstanding with regards to that report? I'm not sure if that's a question for Jane or a question for the clerk.

Chair: Perhaps it would be a question for the clerk. I'm not sure if the clerk's going to be prepared to answer that right off. Would you be all right if he – I think he has actually provided updates on that from time to time.

Clerk Assistant (R. Reddin): Correct. I could provide the committee with an update, but it would be easier if I could perhaps send it by email after the meeting just to go through and check everything off. There are quite a lot of documents.

Mr. MacEwen: (Indistinct) and thank you, clerk.

All the requests, Jane, to you through that time; they're all back as well? Like any additional information or anything that was requested from the committee?

Jane MacAdam: Anything that was requested from me to provide to the committee was provided to the committee, unless that you know of anything outstanding, Ryan, but I believe everything I was asked to provide I provided.

The only exception is there were a couple of documents that were requested from government through my office and I'm not

sure if the committee had received a response to those. We can compare notes, maybe, and see.

Clerk Assistant: Certainly. Yeah, I think if memory serves me correctly, you have provided everything the committee has asked for but again, yeah, we should go through our lists and compare.

Jane MacAdam: Okay.

Mr. MacEwen: Thank you, Jane. Thanks, Ryan.

Chair: Just for your information too, pretty well after each meeting there'd be a list and then there'd be an indication from the Auditor General's office: We can provide this, we can't provide it, we don't have it. We've been following those through somewhat regularly; I think is fair to say.

Mr. MacEwen: No, I just knew there were a lot of requests at the time so I just wanted to make sure.

Chair: Great, thank you.

Mr. MacEwen: Thank you.

Chair: Anybody else?

Jane MacAdam: The next section is on the update on previous recommendations. This chapter provides information on the status of implementation of the recommendations arising from special audits and examinations only.

Government's acceptance and implementation of our recommendations is an important performance measure for our office. We allow the department or agency at least three years to take action on the recommendations. We request the status of implementation of the recommendations from management for a two-year period.

So in this case, it was 2013 and 2014. For those recommendations indicated as implemented, we conduct sufficient work to determine whether that assessment is plausible. This is referred to as review level assurance. It involves interviews, examination of documents and review of specific controls and processes, but it's not a full audit. So we don't go in and re-audit.

Based on our work, 87% of the recommendations arising from audits reported in 2013 have been implemented. You can see in Exhibit 6.1 there's a breakdown by audit. It shows what comprises that 87% for 2013. Based on our work, only 49% of the recommendations reported in 2014 have been implemented. Again, you can see the breakdown in Exhibit 6.1, the breakdown by audit.

The low implementation rate for 2014 is mainly due to the audit on child protection internal controls with only 25% of the recommendations implemented. We were advised that the Department of Family and Human Services is working on these recommendations.

Just to sort of summarize, to date we have completed review level assurance on the status of implementation of recommendations for three years of the (Indistinct) audits, so 2012, 2013 and 2014. We will no longer be following up on the recommendations from our 2012 audits and the implementation rate for those was 93%. So we're not following up anymore.

We have completed our work on the 2013 audits. The implementation rate after two years of review level follow up was 87% and I don't intend to follow up on those any further. We will follow up again on the 2014 audits and we will report the results in 2018 annual report. In the 2018 annual report we will also follow up on the 2015 recommendations. Each year we sort of have two years that we provide follow-up information.

Chair: Chris Palmer.

Mr. Palmer: Jane, thank you.

I really like this component of the review and as I've said before, as a forward-looking committee I think this part is super important for us to understand. Is there – can you make available a list of outstanding items from 2012 that you won't be following anymore?

Jane MacAdam: From 2012? If you go to the report, I guess it's not – 2012 is not here. I could provide that –

Mr. Palmer: Okay.

Jane MacAdam: – to the committee.

Mr. Palmer: Is it 2013 were the ones that you weren't going to follow anymore or was it the 2012? Maybe I have my –

Jane MacAdam: It's the –

Mr. Palmer: – years mixed up.

Jane MacAdam: – 2012.

Mr. Palmer: Okay.

Jane MacAdam: But next year I will be reporting on 2014 and 2015, so I'm not going to do any more work on 2013, as well.

Mr. Palmer: Could we have the outstanding items from 2012 and from 2013 that management have not addressed?

Jane MacAdam: The 2013 ones are in here in Appendix A.

Mr. Palmer: Okay.

Jane MacAdam: On pages – well, it has the year. For instance, management of ground ambulance services is 2013. That's the only one, really.

They're listed on page 82.

Mr. Palmer: Okay, so we have the 2013. Can we get the 2012 outstanding –

Jane MacAdam: Okay –

Mr. Palmer: – as well?

Jane MacAdam: – yes, I can bring that.

Mr. Palmer: Okay.

Thank you, Chair.

Chair: Peter.

Dr. Bevan-Baker: Thank you, Chair.

I agree with Chris that this closing of the circle is a critical component of the work that you do in making sure the government is truly held to account.

I'd like to look at the implementation of the 16 recommendations you made for the child

protection agency. Here we're talking about the most vulnerable people in our society; children in care, and problems with internal controls over cash transactions there.

You mentioned that despite the fact that it's now 3.5 years since your audit was done, only 25% of your recommendations have been implemented, and that they're working on it. Now, at what point does the timeframe – I don't know what the answer to this is, but it strikes me that three years is plenty of time. I don't remember what all of your recommendations were regarding that, about this, it's before my time as an elected MLA. You're talking about internal controls over cash transactions. We're not talking about reorganizing a whole department here.

Dr. Bevan-Baker: What can this committee do to poke these people and make sure that the recommendations that you have made are actually put into action?

Jane MacAdam: I mean the committee could correspond with the department and get even more current information on the implementation of these recommendations. This was done at a point in time – this would have been done last fall was when we would have completed the work to make these assessments on the status of implementation, so some of these may have been subsequently implemented. We will follow-up and do work, not just obtain self-assessments by management. We will actually do work to ascertain whether any of these outstanding recommendations are in fact implemented. We will report that in the 2018 annual report.

Certainly, I mean, if the committee wants to correspond with them, I think that would certainly trigger action.

Chair: Peter, I'll just point out on page 83 there; they're listed there in the back.

Dr. Bevan-Baker: Oh, thank you, Chair.

I'd like to move that this committee write a letter to the Child Protection Services to find out what the status of their implementation of your recommendations is.

Chair: Good with everybody?

An Hon. Member: Yeah.

Chair: Peter (Indistinct)

Dr. Bevan-Baker: Thank you.

Chair: Chris Palmer.

Mr. Palmer: I think I just lost my question. I did. I'll come back to it.

Chair: Sidney MacEwen.

Mr. MacEwen: Thank you, Chair.

Peter, just to clarify, you want to invite members into the committee?

An Hon. Member: (Indistinct)

Dr. Bevan-Baker: No, a written request.

Sorry, Chair.

Mr. MacEwen: (Indistinct)

Dr. Bevan-Baker: A written request.

Mr. MacEwen: (Indistinct) timelines on answering those requests?

Dr. Bevan-Baker: I'm open to suggestions.

Chair: Members, just so make sure we –

Mr. MacEwen: Go through the Chair.

Chair: – I've already had my knuckles rapped a couple of times this meeting –

An Hon. Member: Good.

Chair: – so.

Mr. MacEwen, you done?

Mr. MacEwen: Yes. So, my concern was that if you want to have information come back, as Jane mentioned, she'll be updating again in her report so, probably the quicker the better. This fall or some kind of a timeline should put on it to hear from them, and if not maybe put a date on to bring them into committee if you're not getting a written response.

Dr. Bevan-Baker: Just a suggestion.

Chair: We would hope we get them back quickly, but we do follow-up fairly regularly.

Mr. MacEwen: Okay, thank you.

Chair: Peter, you had something further?

Dr. Bevan-Baker: I just don't know whether I need to clarify the wording of that motion more, or if the clerk is comfortable with what my request was?

Clerk Assistant: I think I'm comfortable that the committee write a letter to Child Protection Services to determine the status of implementation of recommendations from the Auditor General.

Dr. Bevan-Baker: Can I add to that: and report back prior to the sitting of the Legislature? That gives them another six weeks.

Chair: Are we okay with that?

Dr. Bevan-Baker: Thank you, Chair.

Thank you, Sid.

Chair: Chris Palmer.

Mr. Palmer: I remembered my question. Jane, some of these outstanding recommendations, have the departments agreed with these recommendations and just didn't get them implemented yet? Or, when the recommendations were made they said: we just don't agree with this and we're not going to do it?

Jane MacAdam: I think they agreed with them. They agreed with them. For some of them, like the management of ground ambulance services, for example, we were advised that Health PEI intends to address outstanding recommendations as part of a new contract for ground ambulance services in 2018. They were waiting to sign a new contract because some of the recommendations were tied to the contract that they had at the time of our audit.

In some cases, we note that recommendations may no longer be applicable. For instance, the community – Island Community Fund Grant Program, that program was discontinued. We don't have it

listed as outstanding, but there are various reasons why. We talk about them here on page 77.

Mr. Palmer: It's fair to say that the departments have from a management level adopted your recommendations. Now, it's the implementation piece. They need to get that done. So, they haven't fundamentally disagreed with any of the findings that you have?

Jane MacAdam: No.

Mr. Palmer: Okay, thank you, Chair.

Jane MacAdam: The next section is the financial audit section.

It provides summary, financial highlights and comments on indicators of financial condition for the province. We also report on observations and recommendations resulting from our annual financial statement audits.

We perform an annual – the annual audit of the province is consolidated financial statements, as well as annual audits of a number of agencies, boards, trusts and Crown corporations.

At the July 12th Public Accounts committee meeting we reviewed and discussed the financial audit section of our 2016 annual report. Several issues reported in 2016 continue into 2017 and therefore, I am going to focus only on any new issues or changes identified and reported in the 2017 annual report.

Turning to the financial indicators, which is section 8. There was a further deterioration in the financial position of the province highlighted by continued deficits and growth and net debt. For the year ending March 31st, 2016, the province incurred an operating deficit of \$13.1 million. Net debt increased by \$35.8 million from the prior year and was \$2.17 billion at March 31st, 2016. Net debt has increased by \$261.9 million or 13.7% since 2012.

Turning to Exhibit 8.3, a summary of the financial indicators has been presented showing the change over a one-year period, as well as the period 2012-2016. For each indicator we have classified the change as

either favourable, unfavourable or stable. This represents the direction of the indicator and is not a comment on performance or policy.

For the one-year period from 2015 to 2016, six of the indicators are stable and one is favourable. This is similar to what was reported in 2016, with the exception of net debt per capita, which moved from unfavourable to stable, and the federal revenue to total revenue, which moved from stable to unfavourable. Or, sorry, from stable to favourable.

The four-year trend for most of the indicators was stable or favourable, but two of the sustainability indicators were unfavourable. The classifications were similar to the 2016 annual report, with the exception of net debt to GDP, which changed from unfavourable to stable. So there have been three changes, and they were all moving in a positive direction.

Chair: Sidney MacEwen.

Mr. MacEwen: Thanks, Chair.

Jane, what conditions do you use to determine stable, unfavourable and favourable?

Jane MacAdam: It's a change of one percentage point or less in the ratio from the periods that we're looking at. So if you look at the charts – like for example, net debt to GDP on Exhibit 8.4, we look at the change between 2015 to 2016, for example. So 35.8% versus 35.1. It's less than a 1% change, so we say it's stable.

It's really a mathematical exercise, but it's just to take all this information and try to summarize it. It's to highlight some trends. It's really meant to stimulate some discussion and debate and recognize that the financial statements are only one indication of the financial condition of the province. You need to look at other indicators of the economy and the population and other factors, so that's what this chapter strives to do.

Chair: Sidney MacEwen.

Mr. MacEwen: Thank you, Chair.

I appreciate when you say it's another way to stir conversation and stir debate on it. I'm looking at the net debt per capita, and to me, our net debt is not going down. Correct? It continues to rise, but our population is rising, so that ratio comes down 1%, so we classify it as stable apparently.

You and your predecessor, I think, have always had concerns about the net debt. Would that be fair to say?

Jane MacAdam: Yes.

Mr. MacEwen: So what's another, other than just saying that our debt has risen considerably in the past decade, is there – just because our population's increasing and we're not reducing our debt, it makes me wonder why we say we're stable.

Jane MacAdam: Well, I mean, stable, it's just a categorization, really.

Mr. MacEwen: But you're still very concerned about our net debt.

Jane MacAdam: Yes.

Mr. MacEwen: Yeah.

Jane MacAdam: Yeah. In the sort of preamble, we said: "The province continues to incur deficits resulting in a further deterioration in the financial position of the province." So increase in net debt is a further deterioration of the financial position of the province. So yes, increasing net debt is not favourable in terms of the financial position of the province.

Chair: Sidney MacEwen.

Mr. MacEwen: Thank you.

I'm looking at Exhibit 8.6, the chart, which goes from 2012 to 2016, and it's net debt per capita. So it was 13,136 in 2012, and we're up to 14,598 in 2016. Because that's only increased 1% or less, that's why we say we're stable from 2015 to 2016?

Jane MacAdam: Yes.

Mr. MacEwen: But that chart indicates the way it's laid out, a significant rise, and I know if you went back before 2012, you'd

agree, too, that there's a steep curve there as well.

Jane MacAdam: Right.

For 2012 to 2016, we say it's unfavourable. Yes, it was a steep curve and it's unfavourable if you go from 2012.

Mr. MacEwen: I guess it's just a personal point that when we're increasing it, to me, that's still unfair; but if we went down within 1%, to me that would be a better – perhaps this I – is this like a standard accounting procedure like across the board?

Jane MacAdam: It's really summarizing what's in these charts and trying to interpret what they mean. It is a practice that's followed by my colleagues in Nova Scotia and New Brunswick, the Auditors General of those jurisdictions. They do a similar analysis, and it's meant to really assist the readers because you have a series of charts and you have a five-year period, so it's really trying to just summarize in one chart. Then if you look at it year-over-year, you can identify: is it going in a positive direction or negative direction, or is it fairly stable?

Mr. MacEwen: No, and I appreciate it and I thank (Indistinct). I guess my main point is just to draw attention to the fact that with our GDP going up and our population going up but our net debt is still also increasing. These are the times in the economy where I'd like to see that ratio, that curve in 8.6 actually going down, not continuing to rise, even though I do understand that, because it's 1%, it is classified as stable.

So, thank you.

Thank you, Chair.

Chair: Darlene.

Ms. Compton: Thank you, Chair.

I think Sidney pretty much touched on what I was going to say. The one concern I'd have is comparing us to the other provinces in Atlantic Canada and the population we have. It's much more impactful when your population is fairly small versus a larger population as far as debt.

I guess if we keep saying we're going to keep growing our population and hopefully growing our GDP, it's not going to matter if we keep increasing our debt. Is that basically the premise here?

Jane MacAdam: Well, again, these are just comparisons to help understand where we are in relation to other provinces. I mean, this is information that's taken right from the financial statements and the population statistics, so that's all it's intended to (Indistinct)

Ms. Compton: Okay, thank you.

Chair: Kathleen?

Ms. Casey: I'm good, thanks.

Chair: I'll start, for Mr. MacEwen's benefit.

Jane and I talked about this for probably 20 minutes or a half hour back in July, and it may be safe to say that I have a bit of a different interpretation of the 8.3 and 8.4, 8.5 and 8.6 charts than you do, Mr. MacEwen.

It may be a glass is half full versus half empty, or perhaps even a Liberal versus Conservative interpretation of things, but I guess the big –

Mr. MacEwen: (Indistinct)

Chair: Could be that, too, and I'm not sure that there's always a difference when we get talking about those things, capital letters versus small.

Anyhow, and I'm not going to go back through all the questions that I had back in July for you. We get it, and everybody can go back to the transcript; but I think what the really important thing that I kind of take out of this, and I see it in my day-to-day life as a lawyer, representing clients that are going to banks to get financing or whatever, is really the ability to service debt.

I think I asked you back in July – I'm going to ask you again – if you are the bond rating agencies or a bank or whomever is looking at loaning us money, and I'm looking at Exhibit 8.4, would it be fair to say that our ability to pay that money back has gotten better this year than it was last year with the

improving debt-to-GDP ratio basically making things better from one year to the next?

Jane MacAdam: As far as the bond raters, I can't speak to what the key factors are that they look at when they come up with their ratings. As far as the ability to pay back the debt, the net debt is growing, so your liabilities are growing, so that's not a favourable direction to be going in. I can only comment on the financial statements, really and the numbers. The net debt figures that are presented in all these charts or all these exhibits here come directly from the financial statements. That's the work that we've done. We've audited those financial statements.

The other information that we gather, like the GDP and the population, we get those from Stats Canada, so this is really, in some respects, a mathematical exercise using the financial statements, and these indicators are indicators that are recommended by the public sector accounting board's – they have a statement of recommended practice and they provide those ratios as a way of really looking at a province's sustainability, vulnerability and its flexibility. So you know this is sort of a recommended practice the public sector accounting board has come out with so that sort of drives the work that we're doing here.

Chair: I understand all of that and thank you for that.

I guess my question, though, is – and this goes back to Mr. MacEwen's question – is it only makes sense to me if we're making more and we have more people to pay the debt that we can afford to take on more debt. As a simple economic premise, something that I learned in economics 101, that's generally the case; that if you have a higher ability to earn and more people, in this case, to spread that debt burden amongst, in your words that lends more flexibility in terms of your ability to repay the debt.

Would you agree with that statement?

Jane MacAdam: Well, I think as far as the level of debt, the level of taxation and those types of things, those are policy decisions of government. It's not up to me to say: what is a good taxation policy to have or how much

tax you might bring in, how much debt should we incur. All I can report on is on the consolidated financial statements, the actual net debt that exists.

These charts here, like I don't extend an opinion as to whether or not net debt per capita is good or bad or what it should be. Certainly, net debt per capita is increasing. As far as the financial statements, net debt is going up.

Chair: Sidney MacEwen first and then Chris.

Mr. MacEwen: Thank you, Chair.

I agree with your point, but I think your point is proven. What I'm trying to say is that yes, the last couple of years the province has been in a better position to pay down that debt as the bond ratings will say, but we're not; and I guess that was my concern by saying when you see those charts keep rising – so when we are in the situation to be able to start doing that, but our policy makers are deciding not to because (Indistinct) so that was my point. I agree with you that we're starting to get in a position where it looks like we can, but we're not.

Chair: Chris.

Mr. Palmer: Thank you, Chair.

Just so I'm clear on this, this summary table is again a summary of the financial conditions of the province which, I think, is it fair to say are better than it was in 2012 and 2016 so it's trending in the right direction?

Jane MacAdam: Well, the chart in 8.3 shows that between 2015 and 2016 most of the indicators were stable and one was favourable and then from 2012 to 2016, I mean we have three stable, two unfavourable and one favourable. So there were three areas, I think, that I highlighted where there was an improvement from my 2016 annual report. In that report we looked at basically the same indicators, so there was some improvement.

Mr. Palmer: I think that improvement is really the output of this chart, is to show that there is an improvement and then the

forecast of a balanced budget that the government has delivered is further evidence that it is trending in the right direction so that some of those concerns that we had around net debt – so with a balanced budget our debt won't increase this year so those numbers will continue to improve. I guess this is the trending table that kind of tells us where we were and what pieces are in place to kind of get us toward the future.

Jane MacAdam: It's one piece of information. I mean, again you look at the financial statements of the province, too. That debt is increasing. It's just, as we say here in why it's important, like information in this chapter is to assist legislators, the public and others to better understand the financial condition of the province and that's the only reason why this chapter is here, is to, like I said, to look at it beyond the financial statements and to stimulate discussion and debate.

Chair: I have another – sorry. Peter has a question, too.

Dr. Bevan-Baker: Thanks, Chair.

It's been interesting to sit here for the last half hour and watch both sides trying to coerce Jane into supporting their particular party's position on the health or otherwise our economy, and I'm not going to join that game, but I do think that we're at a time – and this has been widely discussed obviously far beyond Prince Edward Island – but some of the fundamental economic tenets on which we have based the global capitalism are being challenged and we have made some assumptions that we can grow ourselves out of economic problems, and that growth is what we need to do in order to solve the problems as being mentioned by both sides here.

But, what if growth everlasting is not possible? What if that is, rather than getting us out of problems, what if that's creating greater challenges for us? I just think this idea, that fundamental belief that all we need is more, all we need is to grow the economy more, bring more people in, create more wealth, that that's going to solve our economic problems – I think that that is being, I know that is being challenged at the very highest levels of academia economically and I believe that we need to

look far more at the quality of life, not forgetting the fact that we have an accumulated debt here that our children and our grandchildren are going to have to deal with. I absolutely get that and we can't ignore that.

But, I think that we're at a time when we're looking at some other economic imperatives here and I think the discussion we're having here today is – we're moving to another paradigm.

Thank you, Chair.

Chair: Kathleen Casey.

Ms. Casey: Great.

Just following up on Peter's comments; Peter, we can't deny that we have a healthy economy and our economy in Prince Edward Island is strong. We've got the highest growth rate in Atlantic Canada and the third highest growth rate in Canada. We can't deny that so we should be very proud that we've got strong consumer confidences and we shouldn't deny that. I think that's – we're just saying that because it's true and we're very proud of the way the province is going. The economy is strong.

So you can say what you want about what everybody is saying, but you can't deny the evidence and we're very proud of that.

Ms. Compton: I'd just like to point out that, yes, that is all true -

Chair: Darlene Compton. Sorry, Darlene. I don't mean to cut you off, but -

Ms. Compton: Yeah, but our debt continues to increase. So again to Peter's comment about growing, growing, growing to solve all of our problems, we do have to look at that; but we are in a great position, as far as yes, farming is doing well. Fishing; we've had a great tourism year and it was the same last year and are we paying down our debt? No. Our debt continues to increase so that, I think, should be the concern for everyone because we are leaving that debt for our children and our grandchildren.

And to say because our ability to pay gets better we can incur more debt, I just can't agree with that so anyway.

Chair: Bush Dumville, unless there's any comment to any of that – I'm not sure if that was a question or a statement.

Ms. Compton: That was a comment.

Chair: Okay.

Bush Dumville.

Mr. Dumville: Thank you, Chair.

I'd just like to comment that yes, our debt is increasing but our employment numbers are excellent. The demands of our society, our public in regards to social issues and health issues, they're all increasing so the idea is to spend this newfound wealth that we've created and how we're outpacing other provinces and everything; we have the ability to do better for our society so I think that's the issue of finding a balance.

If the demands were less from all of us in society, then we could work at paying down the debt, but to find a position, a neutral position where we hold our debt but still provide all of these social services the society is demanding.

Thank you, Chair.

Chair: I do have a couple of technical questions.

The first is: Are these numbers adjusted for inflation year over year?

Jane MacAdam: No.

Chair: No? Okay, and so I think on page 101 you had said net debt continues to grow and increase by 35.8 million to 2.17 so just quick math, that looks like it's less than 1%. You don't know what the inflation rate was over that same period of time, do you?

Jane MacAdam: No, I don't know.

Chair: I ask that question, and for the benefit of the committee members, simply to point out that in nominal terms, yes, net debt is – has gone up over the past year, but I would suggest in real terms it's not actually gone up. It's probably either stayed the same or, perhaps, even gone down.

When you look at an inflation rate and a target, particularly, on a federal level of over 2%, so I just point that out. I mean, you know, it's not always that the sky is falling. We're actually doing pretty well it looks like to keep things in check, so –

Ms. Compton: (Indistinct)

Chair: Anyhow – is that, does that bring you folks to your end?

Jane MacAdam: Yeah.

Chair: Yeah.

Okay, are there any more questions before we –

Jane MacAdam: That's on that section. We have another section on the consolidated financial statements.

On November 25th, 2016, I issued an unqualified audit opinion on the province's consolidated financial statements. The audit opinion stated: the province's consolidated financial statements for the year ended March 31st, 2016 are fairly presented in accordance with Canadian public sector accounting standards.

Each year, in preparation for our audit we meet with the comptroller's office to discuss audit readiness and timelines. This is done to clarify expectations and provide for a coordinated and cooperative effort to facilitate the timely completion of the consolidated financial statements.

Government is responsible for the preparation and fair presentation of the consolidated financial statements. The comptroller is responsible for establishing and maintaining an effective system of internal control over financial reporting. The comptroller is responsible for the maintenance of adequate accounting records and internal controls, prevention and detection of fraud and errors, safeguarding of assets, selection and application of appropriate accounting policies, and appropriate presentation and disclosure of financial information in the consolidated financial statements.

As the auditors, we are independent of the financial preparation and reporting process.

Our responsibility is to express an independent objective opinion on the province's consolidated financial statements.

With the completion of our audit we may offer objective advice for improving financial reporting and internal controls. However, this does not diminish or change the government's responsibility for the financial statements.

We noted a number of issues which impacted the completion of our audit. During the audit we identified a number of issue in the province's system of quality control. The issues noted demonstrate that improvements are required in the preparation and presentation of the consolidated financial statements.

Our audit identified 57 audit adjustments totaling \$76.3 million. Of these, approximately \$41.9 million related to classification adjustments, which did not change the annual deficit, an additional \$17.9 million related to income tax adjustments that increased tax revenue.

All significant items were subsequently adjusted by the province. We noted errors in the schedule of contractual obligations and the note disclosures provided for audit. This included missing contracts, incorrect contract information, and contracts included in both schedules and note disclosures. We noted instances of insufficient documentation to support accounting decisions. In addition, transactions were reflected in the consolidated financial statements that had not been recorded in the financial accounting system.

All these issues contributed to inefficiencies in accounting and auditing processes. An improved quality control process has the potential to save time on the part of the comptroller's office and audit staff by reviewing the amount of work required to identify errors, discuss and follow-up on these items.

We made a recommendation: the comptroller's office should improve its quality control review processes. That's in paragraph 9.30 of the report.

The remaining recommendations in the financial audit section are consistent with

the 2016 annual report, and were discussed in detail with the committee at the January 12th meeting.

That really concludes the presentation on the financial audits.

Chair: Thank you.

Sidney MacEwen, do you have a question?

Mr. MacEwen: I do. Thank you, Chair.

Jane, your recommendation 9.19, "Detailed budget information for significant agencies, boards and Crown corporations should be provided to the Legislative Assembly as part of the budget approval process."

Now, I know this is a recent recommendation, and you'll be following up on it, but I'm curious if you have had any follow-up from the government. As it's something that, as MLAs, we run into every spring, we want to get more details. We don't have it. Is there any desire from government, or any information back to you that says we might have that available for this coming spring?

Jane MacAdam: They indicated that they would take it under consideration.

Mr. MacEwen: Chair.

Chair: Sidney MacEwen.

Mr. MacEwen: When was the last follow-up with the government on that?

Gerri Russell: August, I believe.

Jane MacAdam: It would have been in August of 2017.

Mr. MacEwen: Chair.

Chair: Sidney MacEwen.

Jane MacAdam: Sorry, 2016. Sorry, August, 2016 –

Mr. MacEwen: August, 2016.

Jane MacAdam: – is when we did the work.

Mr. MacEwen: Yeah, and I guess that's my point. I know that you – the committee is reviewing it because of other priorities that we had previously, but I wonder if the committee could send that request or that ask to the government asking what their plan is if that's going to be included in the upcoming year. Are we going to have that information available for this spring?

I think it's a strong recommendation and it would be nice to know what the update is now so that if they're close that we can, as a committee, request that to be followed up on or – so they have that information.

Chair: Just to be clear, what information are we talking about? The information –

Mr. MacEwen: Are we going to have the detailed – sorry, like I guess the simple way to put it is: will the government have recommendation 9.19 completed for this coming spring's budget?

Chair: Okay –

Jane MacAdam: Just as a follow-up: in June of 2017, we were advised that in consultation with the Office of the Comptroller, Treasury Board are reviewing information provided in the province's budget. That's more current than what I have provided to you. That was in June of 2017.

Mr. MacEwen: So, what –

Jane MacAdam: They are –

Mr. MacEwen: What does that tell you, Jane?

Jane MacAdam: That's all I have. That was their comment.

Mr. MacEwen: Okay, thank you.

I don't think that's very clear what the government provided back. I'm wondering if the committee would request that government fulfill the recommendation 9.19 in order to review those agencies, boards and Crown corporations for this spring's budget.

Chair: Okay, so basically you're making a motion that we send a letter to –

Mr. MacEwen: Or a phone call from the Chair.

Chair: Some members may get into that. I don't do that. We like to keep things on paper.

Mr. MacEwen: Yes, I'm making a motion that we ask that the recommendation 9.19 be fulfilled in order for the budget approval process for this spring.

Chair: Okay, so I think the ask is already out for that to be fulfilled. You're looking for an update as to what's been done, though? I'm not trying to put words in your mouth. I just want to be clear as to what the motion is, and what we're asking –

Mr. MacEwen: Yes, I guess. I want the recommendation done for this spring. I don't want it done for after the next election.

Chair: Okay, and maybe – and again, I'm just trying to make sure that we're clear on the motion – if we send a letter over asking that, I guess, what I'm wondering is what response are you looking to get back? A yes or no?

Mr. MacEwen: Yes.

Chair: Or information?

Mr. MacEwen: Yeah.

Chair: Yes or no.

Mr. MacEwen: Yes, I want to know will it be ready for this spring?

Chair: Mr. Clerk, are you pretty clear on the motion that he's making?

Clerk Assistant: Yeah, I think so. I think that the motion is that the committee via letter ask that the, I assume the Minister of Finance fulfill the recommendation 9.19 in the current Auditor General's report in time for the spring budget, and that the committee would like a response to this request.

Mr. MacEwen: Perfect.

Chair: We had, just so you're aware, Mr. MacEwen, we had previously passed a procedural motion saying that we'd deal with motions at the end.

Mr. MacEwen: Yeah.

Chair: I'd just look to the group and ask if we'd want to deal with this now, or do we want to deal with it at the end of the session today?

An Hon. Member: (Indistinct)

Chair: Deal with it now?

So, is everybody okay with that?

An Hon. Member: (Indistinct)

Chair: Great.

Mr. MacEwen: Thank you.

Chair: Sorry, Kathleen Casey.

Ms. Casey: Thanks.

Jane, I noted in this section you made some recommendations directly about the comptroller's office. Have you heard back from the comptroller's office if they've accepted your recommendations? I refer to recommendation 9.30 and 9.34.

Jane MacAdam: What was the first one, excuse me?

Ms. Casey: Sorry, recommendation 9.30 and 9.34. They were directed to the controller's office. Have you heard back from them if they've accepted your recommendations?

Jane MacAdam: Yes, they have accepted our recommendations.

Ms. Casey: Great, thank you.

Jane MacAdam: That's all I have as far as the presentation.

Chair: Okay, great.

Any other questions, members?

Okay, great.

Well, it's 10 to 12 right now, so another good full meeting.

I'd like to thank you, Jane, certainly very much, and your entire staff for all the great

work that you do for us. It's the end of another report. I think we've gone through two since the start of the calendar year, so it's been a lot of work for us and I'm sure a lot of work for you on top of the other work that you have ongoing which always seems to be a heavy workload as well. So we certainly recognize that and thank you for the very diligent work that you do and all the information that you come and present to us in an open way.

It's very obvious when you make your comments in response to our questions that you have a great working knowledge of the reporting that you provide which is very helpful to our committee and certainly we'd thank you for that.

So without further ado, perhaps I'll call for a recess for a couple of minutes to allow you folks to leave and then we'll come back to deal with any other issues. So perhaps one minute, folks, if we can keep it short to wrap things up.

[Recess]

Chair: I'll call everyone back. I guess everybody's here.

So, consideration of motions: I think for the most part we have dealt with everything, but if there's anything else, now would be a great time.

No?

Moving on to new business: Is there any new business?

That being the case, I'll call for a motion to adjourn.

Ms. Casey: So moved.

Chair: Kathleen Casey, thank you very much.

The Committee adjourned