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Reports of the Auditor General

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Honourable Derek Bennett, MHA

PUBLIC ACCOUNTS COMMITTEE

Reports of the Auditor General

Chair: Pleaman Forsey, MHA

Vice-Chair: Sherry Gambin-Walsh, MHA

Members: Scott Reid, MHA
Perry Trimper, MHA
Joedy Wall, MHA
Jordan Brown, MHA

Clerk of the Committee: Bobbi Russell

Appearing:

Office of the Auditor General

Denise Hanrahan, Auditor General
Sandra Russell, Deputy Auditor General
Dianna McGrath, Assistant Auditor General, Performance Audit
Lindy Stanley, Assistant Auditor General, Performance Audit
Chrysta Collins, Manager, Stakeholder Relations and Communications

Department of Justice and Public Safety

Denis Mahoney, Deputy Minister
Lorelei Roberts, Assistant Deputy Minister, Public Safety and Correctional Services
Susan Green, Manager, Institutional Programs
Ashley Hardman, Chief Adult Probation Officer, Corrections and Community Services
Tyler Woodman, Manager of Accounting and Finance, Office of the High Sheriff

Department of Digital Government and Service NL

Sean Dutton, Deputy Minister
Gail Boland, Assistant Deputy Minister, Digital Government and Service NL
Tammy McDonald, Manager of Operations, Environmental Health

Department of Health and Community Services

John McGrath, Deputy Minister
Gillian Sweeney, Assistant Deputy Minister, Population Health and Wellness
Janice Fitzgerald, Chief Medical Officer of Health
Douglas Howse, Manager, Environmental Public Health

Department of Industry, Energy and Technology

John Cowan, Deputy Minister
Nadine Emberley, Director of Programs and Services
Kirk Youden, Director of Sector Diversification
Dana Grant, Director of Accelerated Growth
Taylor Parsons, Director of Business Analysis

House of Assembly Service

Evan Beazley, Committee Analyst
Mark Jerrett, Policy, Planning and Research Analyst

The Committee met at 9 a.m. in the House of Assembly Chamber.

CHAIR (Forsey): Good morning.

Welcome to the Public Accounts Committee public hearing respecting several audit reports of the Auditor General. The Committee wishes to thank the various witnesses from concerned entities across the Government of Newfoundland and Labrador who will appear before the Committee throughout the day, as well as the Auditor General, Denise Hanrahan, and the officials of that office who are attending today as well.

The Standing Committee on Public Accounts is dedicated to improving public administration in partnership with the Auditor General. The Committee examines the administration of government policy, not the merits of it, and strives to achieve consensus in its decisions, whenever possible. Members take a non-partisan approach to their work on this Committee.

As there are several matters under consideration today, the Committee will consider them in the following order, and will take recesses in between each matter to allow for the transitioning of witnesses.

First, with the witnesses appearing from the Department of Justice and Public Safety, the Committee will consider matters contained in the Adult Custody and Community Corrections and the Office of the High Sherriff reports.

Once we conclude with those matters, we will call witnesses from the Departments of Digital Government and Service NL and Health and Community Services related to the Food Premises Inspection and Licensing Program report.

Lastly, we will hear from witnesses from the Department of Industry, Energy and Technology related to matters contained in

the Innovation and Business Investment Corporation report.

Before we start with the matters under consideration, first today, we will proceed with the introduction of Committee Members, followed by the Auditor General and officials from that office. I remind Members and the officials to wave before you speak for your microphone to be turned on – the tally light will turn red and then you're activated to speak.

For the Committee, I'll start with myself. I'm Pleaman Forsey, Member for Exploits, Chair of Public Accounts Committee.

I will now turn it over to Members on my left to introduce themselves and start there.

S. GAMBIN-WALSH: MHA Sherry Gambin-Walsh, MHA for Placentia - St. Mary's.

J. BROWN: Jordan Brown, MHA for Labrador West.

J. WALL: Good morning.

Joedy Wall, MHA Cape St. Francis.

D. HANRAHAN: Denise Hanrahan, Auditor General.

S. RUSSELL: Sandra Russell, Deputy Auditor General.

L. STANLEY: Lindy Stanley, Assistant Auditor General.

D. MCGRATH: Dianna McGrath, Assistant Auditor General.

C. COLLINS: Chrysta Collins, Manager of Stakeholder Relations and Communications.

CHAIR: We will now turn our attention to the first two matters under consideration today, the Adult Custody and Community Corrections and the Office of the High Sherriff audit reports. I would like to thank

the deputy minister and officials of the Department of Justice and Public Safety for their appearance here today.

I will start with a few reminders for the witnesses and an outline of how each hearing will proceed before I call the Clerk to swear and affirm witnesses.

Witnesses are reminded that this is a public meeting and your testimony here today will be part of a public record. Witnesses appearing before the Standing Committee of the House of Assembly are entitled to the same privileges granted to Members respecting parliamentary privileges. Witnesses may speak freely and what you say in this parliamentary proceeding may not be used against you in civil proceedings.

Live audio will be streamed on the House of Assembly website and social media channels. An archived version will be available following the hearing. *Hansard* will also be available once finalized.

When called upon to speak, please raise your hand and your microphone will be activated. The tally light will turn red on the desk. Identify yourself by saying your name first.

As there are two matters under consideration under this entity, we will start first with the consideration of the Adult Custody and Community Corrections. We'll proceed as follows: First, I'll invite the deputy minister to make opening remarks regarding *Adult Custody and Community Corrections*. Then, the Committee Members will pose questions in turn for 10-minute periods. These rounds will continue until the Committee have exhausted their questions on this matter.

Then we'll proceed with the examination on the second matter, the Office of the High Sheriff report. The deputy will once again be provided an opportunity for opening remarks, then we will proceed with Committee questions.

I now call upon witnesses to introduce themselves by saying their name and title, starting with the deputy minister.

D. MAHONEY: Good morning, Chair, Members of the Committee and Office of the Auditor General. My name is Denis Mahoney and I'm Deputy Minister of Justice and Public Safety and Deputy Attorney General.

L. ROBERTS: Good morning, everyone.

I'm Lorelei Roberts and I'm the Assistant Deputy Minister of Public Safety and Correctional Services.

T. WOODMAN: Good morning, everyone.

My name is Tyler Woodman. I'm the Manager of Accounting and Finance for the Office of the High Sheriff.

S. GREEN: Good morning.

I'm Susan Green. I'm provincial Manager of Institutional Programs.

A. HARDMAN: Good morning.

I'm Ashley Hardman, Chief Adult Probation Officer.

CHAIR: Thank you.

I now ask the Clerk to administer oaths and affirming of witnesses.

Swearing of Witnesses

Mr. Denis Mahoney
Ms. Lorelei Roberts
Mr. Tyler Woodman
Ms. Susan Green
Ms. Ashley Hardman

CHAIR: Thank you.

I now call upon the Deputy Minister of Justice and Public Safety to bring opening

remarks regarding Adult Custody and Community Corrections.

D. MAHONEY: Thank you.

Good morning, everybody.

I'd like to thank the members of our team joining me here today to assist in providing evidence to the Committee for the subject matter that's being presented, recognizing we're doing Adult Custody and Community Corrections first.

I want the Committee to understand that the way that we operate in our department is that we work collaboratively as a management team to plan, oversee and support the delivery of the programs and services under the areas of inquiry before us today.

I will tell you that this is the first time for, I think, everybody sitting on this side of the Chamber having testified in a hearing of this nature before. Actually, this is my first time in a long time giving testimony, given what my prior career has been involved in. But I'm certainly comfortable in the seat here today and grateful for the opportunity to provide you with answers to your questions in relation to this area.

I also want to take the opportunity to acknowledge that there are a massive number of people that are not represented here today who actually do the significant work in delivering on these programs and services. We are part of the leadership team, but behind us is an army of people who are dedicated, passionate and talented in their resolve to ensure that we do our best to deliver in the area of Adult Corrections and community programming.

The whole area, at times, is challenging. At times, the public discourse around these services are challenging, sometimes in the negative, but I think it goes to the nature of the complex services and the complex

working environments that these people work in.

I would like to take a moment to give thanks, as the deputy for this department, for the team of people that are really not visible here today but they're represented here today. I'm quite proud and I think our leadership team shares my view that we're proud to lead and work with this team.

I've also asked for the indulgence of the Committee, just given my role as deputy responsible for Emergency Services, we do have the situation unfolding in Happy Valley-Goose Bay and Churchill Falls. I will have to keep a close eye on my phone. I appreciate the Committee's indulgence on that and I will do it sparingly and only as needed.

In terms of opening remarks, as it relates to the first agenda item, I just want to share some general information that will overlap some of the things that relate to the Auditor General's report, in effect, updates on some of those recommendations.

It is known that government continues to work on replacing HMP and we collaborate with Transportation and Infrastructure, who are principally responsible for the work, in moving ahead the construction of a new facility to replace Her Majesty's Penitentiary. It is a priority attention matter in our department.

Budget 2024 allocated \$15 million over the next two years to support us in implementing temporary infrastructure improvements that will assist in improving conditions at that facility. These measures include new programming spaces, improved video visitation and video court, improved security features, new security outdoor recreation spaces and a new admissions building. A number of these are being led by the Department of Transportation and Infrastructure but some of them are actually being led by our department as well. We

can comment on those as your questions arise.

We should also point out that there are 22 new positions in Adult Corrections that will be located at both Her Majesty's Penitentiary, as well as our other correctional facilities across the province. We have 12 new positions in adult probation and we also have three positions that have been added for Victim Services.

With respect to the *Correctional Services Act* and its amendments, which is the subject of one of the recommendations in the report, this was passed in the spring session of the House of Assembly. Again, it is driven to make changes that govern the fundamental principles of justice and help facilitate the provision of safe, secure and humane conditions for inmates and staff.

Some of the highlights from that legislation include: modernizing and outlining essential terms that weren't previously in existence; requiring the superintendent of prisons, as part of their job requirements, to have experience and education to understand and work with gender-diverse individuals; requiring a plan be prepared upon admission into a correctional facility for an inmate that promotes accountability, supports rehabilitation and reintegration into our community; it informs inmates promptly when their communication is being restricted due to disciplinary measures; new provisions for inmate transfers to health facilities; adding a principle to ensure equitable access to health care for inmates and a principle to have policies, programs and practices that are responsive to the particular needs of a very diverse range of individuals in our facilities; also requiring the Director of Corrections to consult with health care professionals or qualified persons to provide programming specific to the needs of offenders.

Now that those amendments have received Royal Assent, our department is working towards the completion and finalization of

the associated regulations that will permit us to proclaim the *Correctional Services Act* in the near future, this year.

For adult probation, there has been an expansion of our electronic monitoring program. On May 1, the electronic monitoring program did expand to the Clarenville region. This region does span from Bellevue to Port Blandford along the Trans-Canada Highway, and all throughout the Bonavista Peninsula. Expanding the program to this region is designed to increase public and victim safety in that region. This is the first expansion of its kind since that program was launched in 2020 and was partially made possible by using existing resources in our Clarenville probation office. Electronic monitoring is already offered in Labrador as well as on our Northeast Avalon region.

The data that we generate from that expansion of the Clarenville region will inform future expansion plans to offer the program in additional areas of the province.

Partnerships are important in the delivery of our services and we continue to have ongoing collaboration between the John Howard Society and our Community Corrections to address the changing needs of our client population and in an effort to reduce barriers for clients in accessing programs and services.

There are ongoing consultations with partners to address high-risk and high-need areas of service provision, including information sharing between stakeholders, a compelling circumstance notification and assessing the database used by Community Corrections and custody to identify potential opportunities and limitations.

The last one is just in terms of Adult Custody. We've launched a new day program, an intensive case-management program for people living with mental illness, in January of this year. We created a provincial complex-needs committee, which

brings together Corrections, health services and community agencies, and do monthly meetings to review supports and services to incarcerated individuals with complex needs.

We completed a joint life-promotion, suicide-prevention policy that was co-written by Corrections and Correctional Health Services that's based on best practices and suicide prevention, which also establishes a provincial life-promotion, suicide-prevention committee, which continuously reviews operations, training and research. We have new and expanding community partnerships with community organizations to provide In-Reach, which involve cultural programs, employment programs, suicide prevention and peer support training in our prison system. There are several training opportunities for classification officers over this past year with partners including the Nunatsiavut Government, the John Howard Society and the Autism Society. Classification officers in our facilities also completed a two-part certification program entitled Trauma and Resiliency Informed Care in partnership with Fraser Health in British Columbia.

So, Members of the Committee, those are our opening remarks with respect to the first subject matter under inquiry. We look forward to receiving your questions, and our approach to the questions will be that myself and assistant deputy minister will endeavour to answer questions. We also have two members of our team from Adult Corrections and Community Safety that will be involved on the adult probation side, which will be our operational experts to be able to provide more detail that arises from your questions.

Thank you. We look forward to your questions.

CHAIR: I do thank the deputy minister for those remarks. I will say that the Committee does recognize the situation in Labrador today, so we do recognize that.

First of all, I'll now recognize the Member for Placentia - St. Mary's to continue with questions.

S. GAMBIN-WALSH: Okay.

My first question is a two-part question. It is, what process is in place today to ensure offenders serving sentences in the community have relevant programming, and how do you measure the outcomes of that programming?

S. GREEN: Just to clarify your question, is it for community or for in custody?

S. GAMBIN-WALSH: It's for community.

A. HARDMAN: We have been doing ongoing work with the John Howard Society to identify what the key gaps and barriers are in the provision of programming in the community, recognizing that because Community Corrections does cover all regions of the province, some of the gaps that exist are predominantly in more rural and remote areas.

So John Howard has put together a preliminary proposal around how they may be able to fill some of those gaps for us, that we have an internal mechanism in place to ensure programming is available as opposed to having to rely on external regional health authorities.

S. GAMBIN-WALSH: Okay, so just to be a little bit more clear. That's what you're doing with the John Howard Society to determine, but are there any programs in place today – like, when an offender leaves incarceration today and goes into community, are the JPS staff working with anyone in community to ensure that gap is filled as they go into community?

A. HARDMAN: Yes, we are predominantly, at this point, reliant on the John Howard Society in St. John's and Stephenville and Corner Brook, because we can refer directly to those, for those under community

supervision. In areas outside of those, each regional office individually is connected with referral sources within their regions and will refer based on the client's risks and needs.

S. GAMBIN-WALSH: Okay.

So to measure the outcomes, is there any system in place where you would measure the outcomes of individuals?

A. HARDMAN: Since the audit was released, we have drafted and are still working through the actual implementation of a monitoring framework and that would then capture – one of the items within that monitoring framework is to look more deeply into which programs are necessary, how many people then were referred, wait-listed, completed, what regions of the province that they were occurring in and what the success rates are.

So we do have that draft protocol prepared and we're pairing it with our existing database to ensure that we're able to pull the statistics that would be necessary to make that demonstration.

S. GAMBIN-WALSH: Is it implemented? Is there anything implemented today?

A. HARDMAN: No, the monitoring framework is not yet implemented.

S. GAMBIN-WALSH: Okay.

So when an individual leaves incarceration today to go into community, is it correct in saying you would reach out to the John Howard Society, but there's no actual formalized program in place as of yet for transition?

A. HARDMAN: Not a new one since the audit.

S. GAMBIN-WALSH: Okay.

What is the formalized release plan for offenders in custody today? That's what we

just went through. I'm just going to get a little bit deeper into that question.

Specifically, are accommodations secured before discharge? Is information on how to secure employment shared with the inmate and their probation appointments secured before being discharged?

S. GREEN: I can probably better answer that particular question, because I'm understanding that your question relates to the transition from custody into community.

Since we last met for the hearing, we did pilot a new release plan at Her Majesty's Penitentiary. So we drafted together with our classification team, and that includes all those key factors for release planning. So follow up with your probation officer; there could be employment programs or education programs that you're making referrals to, while they're in custody and depending on the institution and their plans while they're serving their time, they could start some of those programs while they're in custody. It includes follow up for folks that are receiving opioid dependency treatment. There's follow up with mental health and addictions treatment service providers in the community.

So that release plan was piloted at HMP for about four months. Then we expanded it to the other smaller institutions. We adapted, depending on whether or not the person is sentenced or remanded. It also depends on their release location, so their geography. Because a second part of the release plan includes key service providers in their geographic location that we're connecting with and gives them the contact information.

So we are looking now – it has been working well so far and it's an actual plan that we give to people so that they have something in hand as well. It includes your first probation appointment and all those key pieces of information. The next step would be to figure out whether or not we can

incorporate that into our database and have an electronic version of it as well.

L. ROBERTS: One of the key things I think is important to understand with regard to that question – and Susan did make reference to it – it’s about the number of people that are on remand, as opposed to the number of people that are sentenced.

So on average, between 18 to 30 per cent of inmates are sentenced, and this changes on a daily basis. Most are in remand, which means there’s no given date for release. When a person is sentenced, you know when they’re released so you can work towards that goal. With remand, you don’t know.

S. GAMBIN-WALSH: Okay.

Let’s see if I can word this – are their care plans in place? Is there a holistic type of approach to individuals who are incarcerated so that – or are there any plans so that as individuals are remanded, that they’re incarcerated, right from day one, are there any plans to do some kind of program to ensure that each individual has something recorded so that when they walk out the door on any given day, there’s something there to pass to them?

Because if an individual leaves incarceration and walks out the door with nothing in hand or no idea where to go to secure accommodations or how to secure employment today or just anything – like, if you’ve been remanded for a period of time and you just walk out the door and there’s nobody there to greet you, I mean the probability of reoffending definitely increases. So are there any plans to put something in place to ensure that individuals leave with something in hand?

S. GREEN: Yes, we have adapted to release planning based on the high numbers of people coming into custody who are remanded. One of the ways that we’ve adapted in the past year is that we have

release radar meetings, which is a collection of classification officers who work in the prison system and community organizations and our partners with Correctional Health Services.

On a weekly basis, those stakeholders come together and, at times, we can make solid plans for people if we know that they have a release date, and that includes looking at things like housing, income support, programs and services, counselling.

For folks who have more unpredictable release dates, we try to do our best to anticipate if whether they’re going to get released at their next court appearance. In those situations, we provide them with information of follow-up services in the community. We make contact with NL Housing to make emergency housing plans and things of that nature.

S. GAMBIN-WALSH: Okay.

One more question around that. Do you know what individuals have family waiting for them and what individuals do not upon their release?

S. GREEN: It’s a conversation that happens with the classification officers. When people come into custody, they always meet with a classification officer; everyone is assigned a classification officer to work with. Among other things in their lives, we look at what kinds of supports and services they have and that includes family supports, community supports.

Yes, those conversations happen initially with classification officers as they make plans for the person during their time in custody.

S. GAMBIN-WALSH: Okay, thank you very much.

My time is dwindling down, so I’ll pass it on.

J. BROWN: Thank you.

I want to ask, given that a large part of it, too, is the *Correctional Services Act* of 2011 was never really implemented or enacted, I was wondering if we could get an update on – I know some amendments and stuff were made to it, but can we get an update on when that will be fully implemented or the plan to get it fully implemented to make those necessary changes?

D. MAHONEY: Thanks for the question.

The timeline for completing the regulations is near; we expect it to be done this calendar year. There are a couple of issues that require finalization in the draft, which we are actively working on. I expect to have the draft regulations completed within the next – really through the summer period, but there are some resource issues that are associated with certain provisions in the draft regulations, principally as it relates to the inmate discipline process.

That is also something that we need to take into consideration when the legislation and regulations are activated, we need to have the appropriate resources in place to deliver the model. We're working on that presently, which is why it also contributes to the additional time we need to make sure that when the regulations are in effect, the system is go-live ready. But it will be done this calendar year.

J. BROWN: So would it be a full, complete enacting of the *Correctional Services Act* or will it be a partial rollout of the act, or will we expect when the regulations are done, the entirety of it will come into force?

D. MAHONEY: My understanding is that the entire act and all the regulations will come in force at the same time.

J. BROWN: Okay. Good.

So you're expecting at the end of the calendar year that the majority will be completed?

D. MAHONEY: That would be the outside end date for that, is by the end of this calendar year. We're endeavouring to have it in effect as quickly as possible.

J. BROWN: Perfect. Thank you.

There has been work done, but is there anything that we can – for the Committee, what were some of the biggest challenges over the significant amount of time of getting this act in force? It was 2011 that it was passed in the House of Assembly, originally. We understood that we just did some amendments to help move that along, but what was the biggest challenge on why it was never enacted in such a long period of time?

D. MAHONEY: I can't speak to the state of affairs that existed prior to my arrival in the department. I can tell the Committee that since I have arrived, the issue of the *Correctional Services Act* has been a priority, because of the initial review of the legislation when we were also looking at issues like the inmate discipline process.

Looking back at the act, we realized that by the passage of time there were some deficiencies and the legislation itself didn't reflect some of the needs and some of the best practices in referencing references to Correctional Health Services, some of the changing needs of the more complex needs of the inmates that we have in our facilities. So we felt it best to do a further review of the legislation and make, what I would call, more substantive amendments to the legislation itself. So that did take some time.

Concurrently, we were working on the regulations that would go hand in hand in supporting those provisions in the legislation. I can say that the area of reform that has been asked for, which there were various models that the department can

select from that we needed to evaluate, was the issue around inmate discipline that the minister had committed to, that there needed to be improvements in that area.

So because of that work, those two issues combined is what led to – since at least my arrival in the department, we have been working feverishly to get that work done. We're glad that the legislation has now passed the House of Assembly and we know it's upon us now to complete the regulations, with our commitment to have it done by the end of this fiscal year, at the outside.

J. BROWN: Given the period of time, and I guess you can only speak to your time in the department, how much additional resources were required to correct this – I guess, since 2011, the department couldn't get this act enacted, obviously you took it on as your own when you got into the department. How much additional resources did it require to get this through the gate or was it just using existing resources that you had in the department?

D. MAHONEY: In terms of the department, our department has added additional resources since I've arrived, but just to give you some context. I know that in the department of Community Corrections, we added additional policy support to support both the review and the implementation of the Auditor General's recommendations. That work also dovetails in some ways with the review of best practices that tied into the legislation and the regulations. So we do have additional resources and focus within the Community Corrections side.

On the Adult Corrections side, we've actually brought in a consultant – I think it started last fall – where we brought in a Corrections consultant who has past experience working directly in our Corrections group. She's been added to our department to help support the finalized review of the *Correctional Services Act*, as well as the regulations.

So there's been some policy support that's been added to the department, and we have had dedicated resources with having our leadership team within the broader Corrections group, as well as our legal team, and relying upon both solicitors from Justice and Public Safety, as well as Legislative Counsel. So there's an existing team, with the addition of a few additional resources that have resulted in bringing it to where it is today.

J. BROWN: Perfect, thank you.

With your goal to get it enacted by the end of the year, how much resources are required to carry out the new changes in that act? Obviously, there are some changes with inmates and Corrections, and Community Corrections and all that, there are going to be some more requirements to have to be carried out according to the act and regulations. How much more resources are required to be in place by the end of the year to make this work, I guess is the best way of saying this?

D. MAHONEY: First of all, I should clarify that all of the work that is being done has been under the direction of Minister Hogan. So I should make it clear that in terms of this work, we've been working hand in hand and under direction from Minister Hogan as it relates to the time and priority of the correctional services activity. So I would, first, like to make the record clear if I suggested otherwise in my earlier remarks.

Secondly, as it relates to the additional resources, we do believe that the decisions that have been made in *Budget 2024* that I mentioned in my opening remarks, which does include some additional positions in Adult Corrections, as well as in Adult Probation, will be the kinds of resources that will assist us in supporting the new provisions that are in the legislation, supporting the provisions that will be in the regulations, as well as supporting us successfully completing all the work that

flows from the Auditor General's report in this area.

The last comment is that I can't say at this time what the additional resources will be as it relates to the regulations and what I mentioned in relation to inmate discipline because I believe my remarks in that area would speak to what the content of the regulations are. Given that's a matter still before a Cabinet, I'm not in a position to be able to comment on that.

J. BROWN: All right. No, that's fine. We just wanted to make sure that – you know, it's been since 2011 that this act has technically been debated and passed in the House of Assembly. I know it's been challenging to get it enacted and then, obviously, so much time has passed that it was due for an update again before it actually ever got enacted.

My next question would be: Once this is enacted and once you have your regulations in there, hopefully at the end of the calendar year, and then you're saying that there are some resources made available in this current budget to get this, is there any other work that needs to be done on this once it's enacted? Are there any other additional things that would have to be carried out, or do you see that this would satisfy obviously the Recommendation 1 from the Auditor General?

D. MAHONEY: We do believe that this work will satisfy recommendation 1 from the Auditor General, but it goes without saying that our department has already been – we're not waiting for the legislation to pass to implement best practices.

So there's been policy change in the department. There have been program changes that are being delivered. While they will be consistent with the spirit and intent of the legislation and any regulations, it should be pointed out that we are continuously improving all the time and then the only matter that I believe, in my opinion,

will require resourcing internal, whether it's new or existing, is to be determined. But that's in connection with the inmate regulations that we will be putting into effect.

Then the last comment is that we also work in close concert with Community Corrections health to ensure that with the transition of health services from Justice and Public Safety and our Corrections Division to Newfoundland Health Services that we've implemented new models of collaboration, that I've mentioned some of it in my opening remarks and we can provide more information to you as needed – that is a new process for us. Because there has been a transition in the delivery of those services, and we are looking to collaborate to ensure a seamless delivery of those services.

J. BROWN: Thank you so much for your time.

J. WALL: Good morning.

Deputy Minister Mahoney, you said in your opening remarks there are a massive number of people who are not here today. And we do appreciate that, and we acknowledge and appreciate the work that is done by all those individuals. I also have many from my district who work within Justice and Public Safety and Her Majesty's Penitentiary and their work is always appreciated. So I just wanted to put that on record before we start.

Deputy minister, you also said that we are living in challenging times with respect to public discourse. I couldn't agree more. I want to expand on my colleague from Placentia - St. Mary's questions with respect to programs for offenders coming back to the community.

I had the opportunity to visit at the Colonial Building the Tent City and that particular day that I was there for a couple of hours a gentleman I witnessed walking up the road and came on to Tent City and he had a

clear garbage bag, I will call it, in his hand with an 8½ by 11 envelope in the bag. When I introduced myself, he proceeded to tell me that he was just released from HMP. And, without breaching any confidentiality, he informed me that he had nowhere to go and he walked to the Colonial Building to try to get into Tent City, get his head in for the night.

Just by what this young gentleman was telling me that day, led me – and, of course, sitting on the Public Accounts Committee – to very serious issues that this gentleman was facing, and I wondered as to what services were being provided to that gentleman.

So Ms. Green mentioned earlier in her comments with respect to release radar meetings, emergency housing, income support, all by a classification officer. Am I correct? Thank you.

From the conversation I had with that gentleman – and I can only go by what the individual informed me that day – he wasn't provided anything with respect to being released that day, as to where to go. He has no family. He's not from St. John's. He didn't know what to do; he walked to Tent City. I'm sure we agree that's unacceptable.

So I'd like for you to clarify or expand upon what is exactly done and how could that have been missed on that day with respect to that particular individual.

I know you can't speak to individual cases, but as a whole, when anyone is being released from Her Majesty's Penitentiary, can you please expand on what is being provided to individuals who are facing obstacles that I can't imagine? So if you could please expand on that just so I can understand a bit more.

D. MAHONEY: I'll speak to the principle first, and then I'll ask Susan to provide some more specifics in relation to the question

about programming and what's being offered.

We are, every day, faced with individual cases. It's not the issue about whether we can comment on individual cases or not; that's not the thrust of my introductory response. It's that every single case that we're dealing with now in the Corrections context is remarkably more complex than we had to deal with 10 years ago. Corrections is adapting and adjusting to the reality of those more complex needs.

In my role as deputy minister, I've been involved in more multi-department committees, whether they are ad hoc or formal, whether it's the task force relating to the existence of the tents, the task force relating to collaboration on the transition of people from Corrections to community and the delivery of complex needs. Issues of policing become involved, issues about the community's expectations about whether certain individuals who have been released are safe to be out, and there's tension in the community about whether or not people with complex needs, depending upon how they present in community.

There are part of our communities that expect that certain people should, for the safety of the community, remain incarcerated, and in other cases we have tensions in the community where people believe that they should be in community, and programs and services offered in community.

All that said, it's to remind everybody that the case of every single individual, despite what story they may share with you, the privacy of their story that at least they share with us informs how we deal with their cases. Some people come out and there may not be a need for a particular program because the nature of their release is such that we don't have the authority to impose conditions, impose programming on those individuals.

There's a sense of the choice of the individual that also has to be respected. So I want to give that broader context to the Committee generally, and then ask Susan to provide more commentary specifically about the nature of the programming that we can provide to individuals where it's appropriate.

S. GREEN: Thank you for giving that example.

It was a rare thing. I worked as a classification officer early in my career and it was a very rare thing years ago to have somebody leaving custody who was homeless. We were able, most of the time – I will almost say all the time – years ago to secure housing, and not shelter, not even transitional housing, but stable housing for someone prior to their release.

As everyone is likely aware, the housing situation has changed over the past few years and the cost of living has changed and overall the complexity of issues that are facing a lot of the people that are incarcerated has also changed over the past few years. So classification officers now, in our system, are faced with a much more challenging environment when it comes to housing. We recognize that and we're having conversations now in recognition that it is not acceptable to release somebody into homelessness.

We're part of a working group with NL Housing right now to have dedicated supports for people who are incarcerated. So rather than having a classification officers call the general NL Housing Emergency Housing Line, which is what we relied on years ago because it was a rare thing to have to call that Emergency Housing Line, what we're working towards is having a dedicated person respond to the needs of people who are incarcerated in a more proactive way.

So we are doing that now. There are a lot more, I guess, issues related to, say, Tent

City and needs that are being met in terms of sense of community that we're also recognizing, that when people leave our institutions, they need a safe place to live but they also need supports and people around them. So we are recognizing that and working with NL Housing and some of our other support services.

Correctional Health Services are very much a part of that conversation as well and we're launching a new program, piloting it at HMP for now because that's the majority of folks that have the housing challenges are at HMP, to involve the harm reduction team. The harm reduction team are the folks that are on the ground most often and were on the ground all the time at Tent City. So we're hoping that is going to result in better outcomes for people leaving who have unstable housing.

J. WALL: Thank you, Deputy Minister.

Thank you, Ms. Green, for that.

Deputy Minister, with respect to the multi-department committees, you said some are ad hoc, some are more formal. With respect to the discussions at these committees, is all that being recognized? Is all that being recorded and used for future policies or programs or regs when you're coming out?

It's great that you're meeting, no doubt, I applaud that, and try to solve the issue, but unless we're getting something down in policy or defined regs or what have you, can you just expand on that to see if any of that is being done with respect to this particular type of occurrence?

D. MAHONEY: With respect to this particular type of occurrence, my experience on that one relates to the task force that I'm a member of, the task force that was struck relating to Tent City. In relation to the work of that committee that I was a member of, anything that flowed from those discussions, that reflected an action item that needed to be shared within my

department for follow-up, that was my accountability and that's what we did. That would be an example of a formal committee.

An example of an informal committee was just earlier this week, we met with a woman who has been in the media telling her story about her experience in community with a neighbour, or a housing situation that she was dealing with, that represents from the experience of the adjacent tenant, that individual was engaged in the criminal justice system and the community corrections system and all the tensions that are related to that.

So what I had undertook as part of my contribution to that committee that was represented by deputy's and ADMs from Justice and Public Safety, CSSD, as well as HCS, all of us attended that committee meeting and we each agreed with the individual that we were speaking with that we would take certain action items back to our department and follow up. One of which that I committed to her involved engagement with our police transformation team.

So as an example, we asked for that person to be given an opportunity to meet with our police transformation team because some of the issues related to the role of the police in community safety in dealing with people that are on release in the community and their behaviours in the community. So that's just two different examples of how we are engaged in formal and informal activities.

I'm not responsible for the minuting of the task force committee meetings, but I understand that that does occur. But any takeaways that are charged to Justice and Public Safety, I bring those back to my department and work with members of my team to ensure that those items are followed up on.

I've given you an example of an informal committee where I've made commitments

and we've taken those back to our department and are being actioned.

J. WALL: Thank you, Deputy Minister, and thank you Chair.

CHAIR: Thank you.

As to a continuation on that subject, I guess, we do hear of repeat offenders going back into the system. Upon release, what are the follow-ups, or are there follow-ups from the department, upon the release of inmates?

S. GREEN: I can begin to answer that and perhaps pass it over to my colleague Ashley to add to it.

Not everyone that's released from custody necessarily has a probation order. So for folks that have a probation order, they would have to follow up with their adult probation officer upon release, and that person can keep them sort of connected to supports and services in the community.

So that's one point, but in addition to that, whether or not someone has a probation order or not, we endeavour for everyone that gets released from custody – if they're agreeable and if they need the supports and services – to ensure that they have those supports and services. One of the key partners for us now is Correctional Health Services.

Correctional Health Services are responsible for the provision of health care in our prisons across the province right now. That includes physical health care but also mental health and addictions, which is representative of the majority of people requiring those services who are in our custody. One of the many benefits of having Correctional Health Services as part of our system now is that they provide that continuity of care in our community.

For example, at HMP there are in-house addictions counsellors and a psychologist, they work with their colleagues in the

community and the Harm Reduction Team, and also the broader Mental Health and Addictions Services division to ensure that there's that continuity piece, whether or not people are being released in this area or throughout the province.

A. HARDMAN: As Susan mentioned, not everyone who is released from custody ends up on a community term. So if you're on probation or a conditional sentence, that's sentenced at the same sentencing occurrence that the term of incarceration would be. If the judge does not impose a community sentence to follow the term of incarceration, then adult probation or Community Corrections doesn't have any legislative authorities to enforce, because there is no order in place.

So if a person is on an order and they come to us, we have identified supervision standards that are in place, that outlines for any probation officer who is supervising the individual of how frequently that person is seen. We also complete risk and need assessments, which will identify what the high level of needs and risks are, so that we can attempt to make sure that the programming that is available to them or any referrals that are made on their behalf match those risks and needs.

A probation officer will then abide by that and make sure that they're seen at the frequency by which they should be, and which is most beneficial to them. Once their probation order or their conditional sentence order expires, we no longer have – like I said previously – any legislative authority to continue to act in that capacity. However, we have had situations where prior clients have had very good relationships with their probation officers and, even outside of being subject to a community term, have reached out for assistance. Any time that I have ever been aware of, a probation officer has always gone out of their way to assist, even though they're not someone who is under their supervision.

CHAIR: So those follow-ups, are they done on a weekly basis, monthly basis? I know it can probably range, I guess, but is there a specific time period?

A. HARDMAN: Yes, there is. So our time periods are based on a number of different factors. The first is their level of risk. So that level of risk will then dictate how frequently they're seen in person and how frequently they're seen in an alternate means, which might be a phone call or contact with a collateral person or persons.

That also changes based on the type of order that they're on. So a conditional sentence order is house arrest. There is an increase in the level of supervision for house arrest compared to, say, a probation order. There are certain classifications of offences where we would supervise them at a higher risk just because of the nature of the offence.

CHAIR: Okay, thank you.

Of course, with the number of releases and sometimes repeat offenders and probation officers, is there appropriate or adequate officers to do those follow-ups?

A. HARDMAN: Since this audit concluded, we have conducted an internal workload and staffing review. We did identify some discrepancies in areas in which we were not adequately staffed, but as Denis had noted in his opening remarks, 12 positions were added to Community Corrections for this fiscal year.

And I do believe that now makes the workloads of probation officers across the province much more manageable and it also positions the program in a way that we can also start focusing on big-picture strategic items, like our policies being completely updated and implementing a training program. So I do believe that right now we are adequately staffed from a position allocation perspective.

CHAIR: Thank you.

Following the amendments of the *Correctional Services Act*, introduced during the spring of 2024 in the sitting of the House of Assembly, what barriers remain now in bringing that act into force?

D. MAHONEY: Thanks, Chair.

The work of the department is now exclusively focused on finalizing the regulations and, to the extent necessary, any resources that are required to be in place so that when the regulations are effected, we are able to comply with the provisions in those regulations.

So that's the work that's ongoing. It's the highest priority in our department to ensure that under the minister's direction that we have that work done. Our expectation is that while we're working as fast as we can to do that, we've used the end of calendar year 2024 as the outside time limit. But it's in our interest and our commitment to have it delivered as early as possible prior to that end date.

CHAIR: Okay, thank you.

The department has developed and implemented formalizing a training program for both classification of probation. Has this been implemented?

S. GREEN: We're still working on a formalized training program. In the meantime, given the survey that we conducted with classification officers, we did highlight some areas that we felt we should pursue before having a formalized training program in place.

Over the past year, we have had several opportunities for classification officers to receive training. Some through our partnership with the John Howard Society. We have received some training in partnership with Nunatsiavut Government and we also developed a partnership with

Fraser Health in British Columbia to address a training need around trauma-informed care because I think there's a greater awareness in our system now that many of the clients that we serve have experienced trauma and continue to experience trauma in their lives.

That was put forth as a priority, so we are continuing to pursue some of those priority training areas. We have plans to come together in the fall for a provincial in-service. As per the recommendations out of the Auditor General's report, those training opportunities are shared with our probation officers and other partners.

A. HARDMAN: On the Community Corrections side of that, again, as Mr. Mahoney had stated, we have 12 positions, one of those being a manager for training. That position was put in place for this fiscal year and we have been able to have that filled now. So a person is in the position effective just last month, with the primary goal to develop a standardized training program that can be used for all of probation, but can also be shared for classification officers, given the obvious overlaps in some of the areas of our work.

So the aim there is to make sure that standardized process is up and running as quickly as possible.

CHAIR: Okay, thank you.

Go ahead.

S. GAMBIN-WALSH: Back to rehabilitation. Given the significant amount of issues and concerns with addictions, drugs and alcohol specifically, is there a rehabilitation program while being incarcerated or is there an opportunity to start one while incarcerated? Does that exist?

S. GREEN: Yes, it does exist. It exists through various means, and it depends on the person's specific needs when they come into custody. We increasingly, over the past

several years, have shifted to more harm reduction sort of approaches to the treatment of substance use. Our programs have also changed to reflect that people are in different places in terms of their recovery.

So we're working with several community partners, including John Howard Society, First Light and other partners, depending on the prison in the province – also, Correctional Health Services. So in addition to our community partners that provide in-reach substance use programs, along the, sort of, harm-reduction continuum, then we have in-house social workers and psychologists through Correctional Health Services who provide those services.

In our smaller institutions, that generally happens on a weekly basis. At HMP, we have three health professionals that provide those services on a daily basis.

S. GAMBIN-WALSH: Okay.

Working in Adult Custody and Community Corrections does provide for a learn-as-you-go type environment. Are there policies and procedures documented, readily available today, for new employees to study and follow?

S. GREEN: I just have a little point of clarification. When you talk about employees, are you referring to correctional officers or classification officers?

S. GAMBIN-WALSH: I'm referring to all employees.

S. GREEN: Okay.

I have more information about classification officers. And, generally, the folks that are hired as classification officers come with a social sciences background: social work, sociology, psychology. The onboarding process, we do in partnership with the Centre for Learning and Development. So there are a number of courses and training

programs that they participate in as part of the onboarding process.

As I said previously, in response to some of the recommendations from the Auditor General's report, we are adding specific additional training opportunities for classification officers in partnership with Correctional Health Services and some of our colleagues, John Howard Society and some of the other partnerships that I mentioned previously.

In terms of correctional officers in our system, they go through a program generally at the Holland College, at the Atlantic Police Academy and then, similar to classification officers, would have to do these courses when they are hired, as part of the onboarding.

S. GAMBIN-WALSH: Okay.

D. MAHONEY: Just to add to that, as it relates to even correctional officers, I mentioned earlier about the consultant that was brought in to the department to assist with work across a number of different areas. Some of that work does entail having made adjustments and amendments to our policies and procedures, as it relates to Adult Corrections. So that's one area where we do see change.

The other area where we do see change is when we have events or incidents within our facilities, there is a review done, risk assessment learnings from those and, where appropriate, amendments are made to our policies and procedures arising from the learnings from any activities that happens inside of our facilities.

S. GAMBIN-WALSH: Okay.

Just let me be clearer, as a registered nurse and as an executive director for a non-profit organization, when I specifically worked in both those environments, if there was a specific thing happening on the floor that night and I wasn't clear on our policy, I

could actually go and haul a binder down off the wall and look up a policy. Does that exist at HMP? Can officers actually physically reach up and grab a policy book or online or however it is done today and find that policy?

L. ROBERTS: I can speak from a correctional officer's standpoint, and Susan can certainly speak from classification officer. So correctional officers do have access; it is online.

S. GAMBIN-WALSH: Okay.

L. ROBERTS: And there are policy manuals and also standards of practice. Like SOPs exist. Essentially there is a step-by-step process, should something happen, that people are expected to follow and that does exist.

As the deputy alluded to, any document, any SOP or any policy manual is not meant to be a stagnant thing. It's meant to be a live document because, as events evolve, as you have new learnings and as you do your investigations and your reviews, you find things that you want to tweak.

So it's always a live process that you're making updates, and that is something that we do spend quite a bit of time doing because you always want to improve. That's the goal, is continuous improvement. So that's the lens that we would put on it. So that's speaking from a correctional officer lens, so you have that side of it.

S. GREEN: In anticipation of a policy specialist, which we will welcome in terms of a case management policy for classification officers, we have prioritized on our own classification team some of the policy areas that we need rewritten sooner rather than later. One of those areas we addressed in the past year, and that was with the Life Promotion Suicide Prevention policy.

So we created an ad-hoc committee with our partners in Correctional Health Services

who were also recognizing that this was a priority area for policy revisions. We wrote the policy with them so that we could implement that, because we recognize that that's something we didn't want to wait for.

There have been other policy areas that we've prioritized. Another example I will give is our past security risk assessment was no longer a modern, evidence-based security assessment. So we did the research and the literature reviews and the background work and implemented a new institutional security assessment to replace our old security risk assessment over the past year. We do have other areas that we've prioritized going forward.

S. GAMBIN-WALSH: Okay, that answers my question.

Who monitors and measures the staff workload for the correctional officers at HMP?

L. ROBERTS: The superintendent of prisons is responsible for monitoring the workload, but he is not doing it solely on his own, is what I would say. Obviously, he oversees all the prisons in the province, but each prison has an assistant superintendent and they are also responsible for monitoring. As well, we've just instituted a new position, corporate services manager, and that individual also supports that work.

In addition to that, the assistant deputy minister, which is my position, I do meet regularly with the superintendent, and we do discuss workload and we do discuss resourcing and those types of things. So that is something that's continuously monitored.

S. GAMBIN-WALSH: Okay.

That's all my questions. Thank you very much.

J. BROWN: Thank you.

Recommendation 6, “The department should ensure that probation officers are supervising offenders in the community in accordance with established standards and are monitoring and enforcing compliance with court ordered conditions.”

There have been talks about substance testing and things like that as part of conditions. We hear that there are some issues with obtaining those samples or processing those samples. As someone who came out of the mining industry, I was substance tested twice a year, in order to keep my job.

So I’m wondering has it been corrected in the department where substance testing and that can be done in accordance with the court orders or are there still come challenges with getting that done with offenders or people on court order?

A. HARDMAN: We did quite a bit of research into whether or not we could administer substance testing with clients on probation or conditional sentence orders. One of the first things that we did was initiate a jurisdictional scan to see if probation officers across the country are administering testing for community corrections clients. What we found is that for regular supervision purposes, no jurisdictions are completing testing. Some of the reasons for that might be a little bit surprising. It’s predominantly tied back to some of the best practice now being more around harm reduction and the benefits of working with a client to reduce their use through making sure that they have appropriate information, appropriate tools, safe places to go. So a test in some respects is counterintuitive when you’re applying the harm reduction approach.

The other aspect that we had to consider was some Supreme Court decisions. We did get asked a number of times throughout the audit process, around the abstain condition and testing under those conditions. But in 2006, there was a

Supreme Court decision that made it unconstitutional to test with just the abstain condition. In order for a probation officer to conduct any form of bodily substance testing, there would have to be the condition to submit to bodily substance testing. We see the condition but very, very infrequently. Typically you see the abstain condition, which is meant more so for monitoring purposes rather than the enforcement purpose by way of bodily substance testing.

We did do quite a bit of work and quite a bit of research in that respect and determined that – also considering what would be necessary in order to do this. It’s not quite as simple as testing, we get a result. What would happen is a probation officer would have to test; we would have to be able to hold the sample; we would have to have it sent for analysis. If there was any indication that the person had been under the influence or had used something during that period of time, we also need to have certified persons for court purposes to be able to prepare that report and affidavit. So it takes it just a little step further.

What we found in that is that we currently do not have the infrastructure or resources to implement it, but it also wouldn’t be aligned with other jurisdictional practices.

J. BROWN: Thank you.

So given all that, is the court still handing out these kinds of requirements, these conditions on sentences on offenders in this province and we do not have the ability to obviously follow it, or are the courts now no longer putting in those conditions?

Because it seems counterintuitive if we can’t do it, but if the courts are asking for it or putting these conditions on and we don’t have the – according to the department – infrastructure to carry it out, is there some kind of disconnect here between these two, because obviously that would mean that this recommendation cannot be fulfilled or is impossible to fulfill then?

A. HARDMAN: I don't have a conclusive statistical number to present but based on casual observation, I can tell you that the vast majority of the conditions that relate to abstinence are the abstain from condition, which is the one we know, from a constitutional standpoint, we can't test based on that abstain condition.

I don't see the orders as they come in, they go to our regional offices, so I can't say how frequently we are seeing the bodily substance testing. I can look further into it, but I don't believe that is something that's being ordered very frequently here in this province.

J. BROWN: Okay.

It is kind of dwindling out, I guess, from observation. So is there any plan on implementing the infrastructure or is this something that we're just going to try to do something differently or more in line, I guess you're saying with the jurisdictional scan, or are we just not going to do this recommendation?

A. HARDMAN: I think that given what the recognized best practice is right now from supervising in the community and that being a harm-reduction approach, I think, at this point in time, it would be more beneficial for the clients and for our rehabilitative practices to work with them from that harm-reduction standpoint. Because it is in line with what we're seeing across the country, then we do take that as good advice and in the sense of what Community Corrections is and should be doing.

I will note as well that while it is not my area of expertise, we do still have the Drug Treatment Court, where drug testing is a part of that court.

J. BROWN: All right, perfect. That is my final question.

Thank you.

J. WALL: I just want to go back to Recommendation 5 for a moment with respect to release planning. Task two from the Auditor General's report: "Develop a joint protocol between classification and probation for the transfer of offenders"

The question I have on that one is January 2024 update gives us spring of 2024 time frame for the development and implementation of the joint protocol. Can you please update us on the status of that joint protocol, please?

S. GREEN: Since that last update – and I think I made reference to it earlier – we did draft a release plan.

J. WALL: Yeah.

S. GREEN: And as part of that release plan, it includes contact, so if somebody is sentenced to community supervision to probation, post-release, it includes that piece around here's your date to meet with your probation officer. So we liaise with the adult probation officer before the person is released to make that initial connection and then provide that follow-up to the person before they're gone. That's included as part of the release planning.

J. WALL: Thank you, Ms. Green. I appreciate that answer.

I want to go to Recommendation 2 from the Auditor General's report now with respect to: "The department should ensure that all adult custody and community corrections policies are complete, current, reflect best practice, communicated, and monitored regarding the rehabilitation and management of offenders."

So with respect to Recommendation 2 by the Auditor General, where does the updating of the department's full policy manual, projected to be completed in the winter of 2025, where does that currently sit? Could you please update us on that one?

S. GREEN: A lot of the background work is being completed now, in terms of finding priority areas for policy revisions. I'll give an example from the committee that we have. We have a joint policy committee right now with Correctional Health Services. That is the committee that just recently completed the life promotion, suicide prevention plan.

So what we've done in anticipation of getting a policy specialist in place, which we look forward to, we've gone through all of the policies that are relevant to classification officers and case management policies, including health, and determine which ones need to be rescinded and which ones need to be updated and which ones need to be done jointly with Correctional Health Services because there's such a large presence in our system right now.

We're doing a lot of the background work, obviously. As I said before, we've already completed some of the work ourselves in areas that we didn't want to wait for the policy person to be in place, but when the person is in place, we have a lot of the background work completed to hand to this person to give them an idea of where to begin.

J. WALL: Okay.

Do you have any specific time frame with respect to that?

S. GREEN: I'm not sure what the time frame was on the action plan. I think it was winter. I can look it up.

J. WALL: Just winter of '25. So that's on par for then?

S. GREEN: Yes.

J. WALL: Okay, thank you.

Ms. Green, you mentioned earlier about the staffing and workload survey and now being adequately staffed. I'm certainly glad to hear that, with respect to the Auditor General's

recommendations. But I'm just wondering what best practices were referenced when developing the department's monitoring framework. So can you just explain a little bit on that, please?

S. GREEN: I will answer that and I'll also bring it over to my colleague, Ashley, if she wants to add anything to that, because we've had some conversation about how to monitor some of the work prior to having the policies updated. So a lot of the monitoring framework has to be deferred until we get the policies in place.

J. WALL: Okay, understood.

A. HARDMAN: The monitoring framework that we have drafted is a little more all encompassing, I think, than even what we had committed to or were required to under the report. We took our existing quality assurance process and included that within this new monitoring framework to give us the ability, not just to monitor our successes as a program in the sense of policy adherence, whether or not programming is made available and, in general, one of the feedback processes that we had was, we, as an overall program, don't keep statistics to be able to demonstrate that what we do works.

In this monitoring framework we have added in items that will now give us the ability to do that. So we do have that entire monitoring framework drafted. Our holdup at this stage isn't because we're not ready to go and it isn't because we're not confident in what we have in the framework, because I believe it meets not just what was listed specifically in recommendations but through all the conversations we had with the audit team, throughout the audit, we took all those things into consideration to make sure this was as holistic as possible.

What we need to do from this point on is look at our existing database, which we call PCOMS, to make sure that PCOMS is able

to support the information that's necessary in that monitoring framework.

So we are very actively – and I think weekly meetings are occurring, if not biweekly meetings, with our manager of policy, the OCIO and the senior consultant to try to make sure that PCOMS can make the adjustments necessary to adequately meet our new needs under that monitoring framework.

J. WALL: Okay, thank you for that.

And you don't see any issue with PCOMS fully implementing the recommendation – you don't see any issue with that at all?

A. HARDMAN: There are identified limitations, there's no doubt. Our PCOMS database is quite dated, so we're also looking at if there are items within that monitoring framework that can't be met, is there a workaround to it that we can kind of make a build in the background of the database?

In all honesty, yes, there have been limitations identified.

J. WALL: Okay, thank you for that.

Do you see any other barriers other than being outdated? Anything else that would prevent this moving forward? No?

A. HARDMAN: No, I don't see any other barriers, other than the database.

J. WALL: Thank you very much for your answers.

Thank you, Chair.

CHAIR: I've just got a couple of questions.

What standards are being followed to determine compliance with court-ordered conditions?

A. HARDMAN: That would go back to the previous discussions around the identified supervision standards. We do have a full and complete policy manual that is available to every single probation officer. Everyone has their own, and we have it made available on a shared drive that's accessible to all probation officers.

So every probation officer is very well aware of what the supervision standards are and how to apply them for every individual that's under their supervision.

CHAIR: Thank you.

Are there scoring guides in place for managers?

D. MAHONEY: Sorry, Chair, could you clarify the question in terms of the scoring for managers, in what respect?

CHAIR: In the scoring guides for managers, for their observations and departmental works.

D. MAHONEY: For probation or in custody?

CHAIR: In custody – both.

D. MAHONEY: In both?

L. ROBERTS: I'm sorry, I'm not really understanding your question. Are you able to elaborate exactly what you're asking? In terms –

CHAIR: Basically, scoring guides for managers for observing of what they're doing, each department or whatnot what they're doing as pertaining to all the conditions in the department.

L. ROBERTS: So I can speak from the managerial and overseeing, I'll say, the senior leadership team. I mean, obviously each individual that's involved in adult custody and Community Corrections, they're experts in their field. The training that they come to us with, the standards of

their profession – for example, if you're a social worker, there are certain things that you would have to adhere to, certain levels to keep your training up, you'd have to deliver services in a certain way, those types of things.

So when we hired the individuals for those roles, they come with those standards of practice, I'll say. But in addition to that, there are standards of practice through the policies and procedures and, like I said, our SOPs that they would have to follow. So we do monitor that and ensure that we're meeting the best practices of the day.

In terms of a scoring guide, I'm not familiar with that. I don't know if Ashely Hardman might be able to elaborate on something specific to their profession.

A. HARDMAN: So as a component of the monitoring framework that I was just speaking of, we do have a quality assurance process built into that. It's a file audit process. So one of the items that came up through the audit report was that there was some inconsistencies, not necessarily how we conducted the audit themselves, but to follow through on it.

So what we've done as a result is we have updated our audit process and included a scoring guide. That scoring guide is available and we're testing this right now. So the audit process, the scoring guide is all drafted. We've tested internally as a group of managers, and we have intentions of testing it further with staff in the fall so that everyone will have the scoring guide. They'll be aware of what the expectations are.

Managers have the same scoring guide. So that way what we should see – and this is going to come out in our testing this summer – is that no matter what manager audits a file, the answer should still be the same because we've removed any subjectivity from the process so that we can actually score and monitor consistently from here on out.

CHAIR: Okay, thank you for that.

That's it for my questioning. I'll see if there are any more questionings from the panel.

No? Not hearing none, I guess that will end the questioning part of this hearing and I do thank you for your time and your questioning for that.

I'll just ask the deputy minister now if there are any closing remarks on the matter.

D. MAHONEY: Thank you, Chair.

Two comments, one is I hope you have found our response to your questions fulsome, responsive and I would like to just loop back to what my opening remarks were. I feel very lucky to work with – as you've seen from both our assistant deputy minister, Lorelei, with Susan on the Adult Corrections side and with Ashley on our adult probation side, we have very intelligent, talented, committed people and these are the leaders. But they do represent a team of people behind, and I just wanted to say thank you to them, through you, for the work that they continue to do and the work that they did here today.

Thank you.

CHAIR: Okay, thank you.

I'll now ask the Auditor General if she has any closing remarks.

D. HANRAHAN: No, I'm good.

Thank you.

CHAIR: Okay, thank you.

We'll now proceed with our examination of the Office of the High Sheriff audit report.

Following the same procedure, I'll now call upon the deputy minister to bring opening remarks.

D. MAHONEY: Thanks, Chair.

Members of the Committee and members from the Office of the Auditor General, my preliminary remarks apply equally the same for the Office of the High Sheriff. So I would just simply remind the Committee of those remarks in terms of, not only the talent that leads our leadership team inside the Office of the High Sheriff, supported by our assistant deputy minister, but we do have a plethora of people across this province who deliver the services of the Office of the High Sheriff on a dedicated, intelligent and talented basis. I feel very proud to be able to lead as part of that team.

As it relates to the Office of the High Sheriff, before we get to your specific questions, in terms of some preliminary introductory remarks, we did add the position of the manager of accounting and finance in 2022. We've also added a policy analyst to that office in 2024. That has assisted greatly in that office making significant progress on addressing, not only the recommendations from the Office of the Auditor General, but just continuous improvement and trying to create some more stability in that office.

All the audit documentation required for the Office of the Auditor General to begin their auditing process for the period from 2018 to 2023 have now been provided and our work is ongoing as it relates to our policy and policy manuals with the addition our policy analyst.

I will say, too, that the work of this office is challenging at times, considering that when you consider the nature of the services that they deliver on judgment enforcement, court security and the integration of their services to the way that our courts operate, it's a daily challenge to try and manage the interplay between the courts needs, court services, as well as providing court security, in addition to the judgment enforcement work and jury administration that goes on, on a daily basis in these offices.

While our staffing competitions have resulted in success in staffing up vacancies in that office, we find ourselves back in the position where there are some new vacancies that are a consequence of some of, what I would describe as, more commonly experienced both within our department and across government, some of the recruitment and retention challenges that we face in a number of areas in our department, amongst others, but the Office of the High Sherriff is just part of that same experience.

As part of that as well, the whole area of recruitment as it relates to, not only correctional officers, not only police officers, but sheriff's officers as well, there is an element of core training that is common to all three of those professions and in all three of those areas, there are recruitment challenges. So our department has been working hard to try and identify ways of addressing and improving our recruitment incentives to support, because it's a very competitive field out there, so we are actively working on that. With the number of additional positions that we have vacant, we do have a pool of candidates that are lined up through the system, going through the recruitment process. So we are optimistic that we'll be successful in filling those positions as well.

Again, I just wanted to share with you, in terms of our opening remarks, the continued good work that our leadership does to try and address those issues, maintain the operation and the work that they're doing on the recommendations from the Office of the Auditor General as well.

So those are our opening remarks and we look forward to your questions.

CHAIR: Thank you.

With that, I'll recognize the Member for Placentia - St. Mary's for questioning.

S. GAMBIN-WALSH: You did touch on some of my questions in your opening remarks, but I'll just ask for some clarity.

What are the present employee retention process and strategies for the Office of the High Sherriff?

L. ROBERTS: Thank you for your question.

The Office of the High Sherriff has, I'll say, two groups of staffing. One is the deputy sheriffs and the other group is the office staff. So in terms of the deputy sheriffs, one of the recruitment strategies that we've looked at is, in addition to what I'll call the competition process, you apply, you do a competition and then if you're successful in the competition, there are conditions of employment that the individuals have to meet in order to secure the position. Two of those things – one is a physical testing requirement, which we call a PARE, and the other testing requirement is the medical and psychological test. They have to be able to pass both those tests in order to be offered the job.

One of the items that we were experiencing was that individuals were coming probably fresh out of, I'll say, Holland College, Atlantic Police Academy and coming to go to work with the Sherriff's Office and then they would have to pay out of pocket for their transportation to go to wherever the physical test was being offered. They would actually have to pay upfront, the cost for the medical and the psychological assessment.

So what we've done in order to address that is we are actually offering folks to pay that upfront for a one-year, return-for-service agreement that they would stay employed with our office for that period to help combat some of the recruitment and retention issues.

That has been implemented, I'll say fairly recently, like within the last two or three months and we've seen success with that. We've had a number of individuals that

have signed return-for-service agreements and a number more that are in, I'll say, the competition process that we anticipate will do that. As well, we are working with filling the office staff complements as well.

S. GAMBIN-WALSH: Okay, thank you. That answers my question.

I'm not sure if I missed this in your opening remarks or not, but I'm going to ask it: When do you anticipate having the 2022 and 2023 financial statements ready?

T. WOODMAN: The financial statements required to initiate those audits have been provided to the Auditor General from 2018 to 2023.

S. GAMBIN-WALSH: Thank you.

Has the Department of JPS established a yearly deadline on the High Sheriff's Office to have financial statements completed?

D. MAHONEY: A decision has not been finalized. The reason for that is we've done the jurisdictional scan about other legislation, we've done the jurisdictional scan about policies and practices in other comparable offices in the country and we've also looked at other like offices, for example, the Office of the Public Trustee and their legislation.

The two questions that we have to ask is: Does it need to be done by legislation or can it be done by policy? I think we're very close to making a recommendation on that. Once that methodology is decided, we will then be in a position to implement a deadline for the completion of that work.

S. GAMBIN-WALSH: Okay, thank you very much.

What position is presently managing the operations of the Office of the High Sheriff now?

L. ROBERTS: We have an individual that is hired as the High Sheriff.

S. GAMBIN-WALSH: Okay, so that would be the individual who is monitoring the operations of the office?

L. ROBERTS: Absolutely, yes.

As well, I will say, similar to our answer we provided in Corrections, as assistant deputy minister I oversee that, as well as the deputy in his role would oversee that. So we do have weekly meetings with the Office of the High Sheriff. We do have monthly senior staff meetings and quarterly staff meetings as well. And should any issues appear or arise, we meet with them more frequently than that.

So we're very engaged. There is a lot of dialogue and a lot of oversight there.

S. GAMBIN-WALSH: Okay, thank you very much.

That's it for me.

J. BROWN: Thank you.

Given the situation that played out in the sense of all these financial statements were not completed and there were some challenges going on in the Office of the High Sheriff, have there been any structural changes in the Department of Justice to give more oversight to the High Sheriff's office and to make sure that they are completing the tasks that are required under legislation?

D. MAHONEY: In terms of oversight, when I arrived at the department and with the establishment of a new team within Justice and Public Safety, the assistant deputy minister responsible for the Office of the High Sheriff was charged with and has always been carrying out a regular routine, as Ms. Roberts has said, engagements with not only the High Sheriff on a regular basis and not only with the senior management

team on a recurring basis as well but, within Justice and Public Safety, we have also implemented a quarterly departmental-wide senior management meeting. So I bring in all the leaders of all the divisions reporting and we address issues in common that cut across all of our divisions.

So some of those have been structural changes. Beyond that, in terms of the addition of any additional positions to the office, in terms of new positions, we haven't. The two main changes, that I have addressed in my opening remarks, were the remarks where we now have the manager of financial operations, Tyler. He's now in that position and completing and delivering on the work associated with the recommendations.

We also have a policy analyst that has been added, and that is a new position for the High Sheriff's office to be able to address the policy-related issues and the additional work that's tied into the Auditor General's recommendations.

So to the extent that they are structural, they are improvements over the period of time that I have been in the position.

J. BROWN: Thank you.

Has there been any investigation within the department to see what happened over at the Office of the High Sheriff and why things went the way they did with backed up financial audits, all this – has there ever been any investigation internally on what happened over there?

D. MAHONEY: There hasn't been an investigation, but there has been a discussion. I can share with you the essence of what I understand had transpired, recognizing that this information precedes me, but it is collected through individuals who have some first-hand knowledge of it.

The position that Tyler occupies as manager was removed from the management structure of the Office of the High Sherriff by a government decision of the day. The details of that, that I'm not privy to, it is regrettable – and it's obvious from the information that we've shared, through the updates on the Auditor General's recommendations, the impact of that decision is plainly obvious.

The consequence of that decision being made – the individual who had the expertise and the knowledge that was trusted to do that work and had the skill set and experience to be able to do it, left the system. We were then left with a lack of management oversight in that area and then we were also then left with clerical individuals who respectfully did not have the knowledge, skill or experience to be able to deliver. That's why things got missed, that's why things got delayed and that's why things were identified.

It should be noted as well that it was the High Sherriff of the day who asked the Auditor General to come in. We knew that there was a problem. When I say we, I mean the department and the leaders at the time knew that there was a problem. So they asked the Auditor General to come in and to do a review, because we recognized that there was a problem. We were looking for assistance in getting support in what work needed to be done, what skill sets were needed and what processes needed to be followed to get us back on track.

Once the impact of that decision, of removing that management position was identified, we immediately proceeded to just make a decision to enter into a contract to reinstate the management position. So that authority was exercised by the deputy minister to put that position in place and then through the entire leadership team, assistant deputy minister, High Sherriff, as well as that manager, they were charged with getting this done and making it a priority. We've kept Minister Hogan

obviously apprised of the developments because he has, again, given the nature of the issue, wanted to make sure that he was kept abreast of the progress that we were making and charging us to make sure it was a high priority.

It should also be noted, too, that in that context while this was viewed by us as a serious issue, we don't want to leave anybody with the misunderstanding that there was any money missing as a consequence of this activity; but we recognize, otherwise, the seriousness of this issue and we have worked with the team, very hard, to play catchup, and we believe now that we are getting very close to being on a better track and it's certainly a lesson learned. It's a difficult lesson to learn but one nonetheless.

J. BROWN: Thank you, Deputy Minister.

I appreciate the work that's being done and to correct it, obviously, it was identified internally as a long-standing issue.

Moving forward, you said that there were some jurisdictional scans done of other High Sherriff's offices in the country and you're looking at some different decisions and options. Is there any appetite or is there any consideration to maybe there's a restructuring or how the office operates – are we actually on par with other jurisdictions, or are we maybe a bit behind and maybe there are other jurisdictions that operate more modernly, I guess, is the best way to put it?

D. MAHONEY: Reflecting on your question, I think the starting point is we always have to keep an open mind. If there's something that's been identified, whether it's structural, systemic, procedural, that has been identified by any of our discussions, jurisdictional scans, contacts with other High Sheriff Offices to learn best practices, this team is keeping an open mind. Nothing has been brought to my attention that suggests that structurally we have an issue.

The principal structural issues we have identified and we have remedied, but in terms of a broader structure, in terms of our allocation of management leadership, departmental structure or other resources around them, we have not yet been able to identify anything that suggests that the overall model inside the Office of the High Sheriff is out of step.

However, when I say we keep an open mind, we have asked to meet with the Office of the Auditor General, and there is a meeting pending on that. Because as you've seen from our responses to some of the Auditor General's recommendations in this office, we need to understand better what is being asked of us.

We are sharing information with the Office of the Auditor General. And through those deliberations, if it is determined or identified that through their experience and our outreach and learning, there is something that needs to be remedied, we'll be committed to addressing that.

J. BROWN: Perfect, that's my final question.

Thank you, Deputy Minister.

J. WALL: Thanks to my two colleagues to my right, they took all my questions.

Deputy Minister, I appreciate the level of detail that you are sharing here today; it is appreciated. Just a couple of things from your comments, Deputy Minister. You mentioned recruitment and retention challenges. Every department, no doubt, is facing that.

But how is Justice and Public Safety and the Office of the High Sheriff specifically addressing the recruitment and retention challenges? You said you're actively working on it. Is that within province? Is it out of province? Is it going to the high schools and the colleges trying to recruit people to come into this program? Can you

just expand on that please, Deputy Minister?

D. MAHONEY: I think you'll hear from myself and the assistant deputy minister on this issue.

First of all, I'll put it in context. The issue around recruitment in the area of policing, sheriffs and corrections, it is connected. I just want to share with the Committee that the experience in the Office of the High Sheriff is similar to the challenges in the recruitment challenges that are being addressed in the other two areas. So they're not unique in that area.

The assistant deputy minister has identified that we did come up with a short-term measure. We had a number of candidates who told us, look, with the cost-of-living pressures, we're not prepared to bear the cost of these additional requirements for employment, being the physical test, travel, et cetera. So we came up with a short-term measure. We are looking at a more medium- to longer-term solution to address recruitment incentives on the recruitment side.

In terms of the retention strategy, I think retention is tied in part to compensation and the competitive market that we exist in. That's one of the issues that we responded to, to the Auditor General. To the extent that we are going to face compensation challenges, then, I, within my authority under the *Financial Administration Act*, have limited tools available to me to be able to address some of the retention compensation strategies associated with employment.

By way of example, we occupy offices both at the Office of the High Sheriff downtown as well as our sheriff officers work in courts downtown. Any employee in the Department of Justice and Public Safety who is working in the downtown area has identified that as a competitive disadvantage because they have to pay for parking out of their own

pocket and we do not have a policy of government or a benefit inside of our department to be able to address that and the costs, given the number of people that work in that downtown area, would be significant to our budget. So we continue to look at that issue, but we do admittedly struggle to find a solution, given the budget pressures that we all deal with. So those are some of the contexts to the recruitment and retention challenges.

The other thing that we are doing to try and address, it's related to retention, is we are trying to address the needs of the individuals as to where they wish to locate for work. So trying to find somebody who wants to be a sheriff's officer on the Burin Peninsula who is from the area and wishes to reside in that area, we try and accommodate location, where possible.

The other thing that we are having to do as a result is we are moving some sheriff's officers more commonly around the province to help deal with some of the shortages in short term. Because to make sure that court operations continue, we find that with some of the vacancies we need to be more flexible and asking our sheriff's officers to be more flexible as well in temporarily relocating for short periods of time to support court operations in another dedicated area or circuit courts or things of that nature.

One of the reasons, to be quite candid, why the High Sheriff is not with us today, we could bring four people, but as well he is presently right in the middle of trying to address some of those challenges. Keeping the recruitment on schedule, his time was better spent staying in the office to deal with filling the vacancies and getting people moving through the testing process, as well as working with our courts across the province to ensure that they have the court security that they need to ensure safe court operations as well.

L. ROBERTS: So in addition to the things that the deputy has outlined – because you asked specifically about what was happening, if there was any representation in schools and things like that, I actually just made a note of three items that I think kind of give a wholesome view of the type of activity that we're engaged in around recruitment and retention.

First of all, we work very closely with the Public Service Commission, so there is, I'll say, a standing competition online so that we have a constant intake of applicants.

Given that we know that there is, you know, a turnover rate with those positions, we have a constant, standing flow of people coming in because not everybody that applies and goes through the competition is able to get through the physical, medical and psychological testing. So in terms of who passes the interview process and who actually ends up in the position, the numbers would vary.

Essentially, the PSC does go into schools, like if there are any job fairs, for example, the university recently had a job fair and, at that time, the PSC actually represented the correctional occupations and the deputy sheriff was one of those occupations, where they highlighted that there were opportunities available.

I do need to say that there is not an issue with applicants, we're seeing applicants come in, but it is whether or not those applicants meet the qualifications and whether or not they can pass the conditions.

The other thing that we're looking at is the recruitment, I'll say, requirements and the conditional requirements. One of the things that we have undertaken is we've done a jurisdictional review as to what the requirements are around the physical and the medical requirements. So for example, eyesight is one of those areas, right. Eyesight is important but at what level of

acuity should the eyesight be for the medical?

So we're undertaking some of that activity and that further speaks to the deputy's conversation that there is lots of activity looking at the recruitment and retention to know how we can better fill those positions with the population that we have and still meet the needs of the job. Are the requirements that we currently have the right requirements? I think that's an important thing to look at, we're currently looking at those, too, and we hope to be in a position that we'll make recommendations. We're looking at it from a legal standpoint and a jurisdictional standpoint.

All those things are currently ongoing, and like I said, there's a hand-in-hand relationship with the Public Service Commission.

J. WALL: Thank you both for that.

Deputy Minister, you mentioned earlier with respect to you're pleased with the structural improvements with additional staff coming into the Office of the High Sheriff. You don't see any principle structural issues currently, but you did mention about the High Sheriff that left who was experienced, knowledgeable.

So my final question for today is does the Office of the High Sheriff have a successor plan moving forward, for lack of a better term, but is there a successor plan for the High Sheriff's position should he or she move on? Is there anything in place going forward?

Because I know when I left my previous occupation to come here to the House of Assembly, it was quite the successor plan that had to be put in place with the 29 years of knowledge and experience that I carried in my position for the person who's coming behind me. So if you could just expand on that please.

D. MAHONEY: Thank you.

I really appreciate that question because I think succession planning is really important and my value of that principle, I demonstrate at our executive table which meets on a weekly basis. We do talk about succession planning for all of our senior positions, some of which is within my control, some of it is not. But we do have discussions and identify candidates that are available.

So in the case of the High Sheriff, that position would normally be filled in the first instance by an acting appointment because it's an LGIC appointment, then we would go through that process to have an appointment decision confirmed or made by Cabinet. So the short answer is that yes, we do. We do have successorship plans in place and they're closely held, obviously, within the department. But, yes, we do think about that broadly across the entire department for all key positions. We do have persons identified that we're confident that could act in those roles, if for some reason the current High Sheriff vacated the position.

J. WALL: Thank you for that and thank you to all today for your response to my questions. I appreciate your answers.

Thank you.

That's all, Chair.

CHAIR: Thank you.

The Member for Cape St. Francis just about used up all the questions basically. But anyway, I'll stick with the recommendations.

There were three recommendations by the Auditor General and I think I'll try to stick with Recommendation 2: "The Office of the High Sheriff should ensure financial control processes are complete"

Has the control process been implemented?

T. WOODMAN: So as a result of the performance audit that the Auditor General completed, generally speaking, controls were designed appropriately with some outliers, but overall not being implemented correctly. That was as a result that ties in directly to staffing concerns.

However, we're confident that anything that was identified by the Auditor General, we have made the changes to how we're completing day-to-day operations, and we will have that implemented in policy, per our policy analyst that was hired in the role earlier this year.

CHAIR: Do we have appropriate staff for related positions?

T. WOODMAN: At this point in time, we have six vacancies in our office staff, but all have ongoing competitions, and we are confident that we will have those positions filled throughout the summer.

CHAIR: So is there overlapping of positions?

D. MAHONEY: Could you just clarify, Chair, the question about is there overlapping positions. We could break it down for you in terms of where those vacancies are, because some of them are in the finance office and some of them are in judgment enforcement. So maybe if you could just clarify your question.

CHAIR: I was just wondering if somebody was overlapping into another position, to make sure that position was filled and the job was done appropriately.

T. WOODMAN: At this point in time, we have four vacancies in the judgment enforcement section and we have two vacancies in the accounting and financial section. These positions have relative overlap, so in the time being and in the interim, while we don't have someone in those roles, there are other office staff who have those competencies and

understanding to complete the duties as required.

CHAIR: Okay.

How are cheques being documented?

T. WOODMAN: As a result of the AG's report, they had mentioned that there were proper designed controls for how cheque runs should be completed with the office, but not always implemented. Essentially meaning reviewed to the standard we should hold our office to.

Since I joined the office in March of 2022, we have been implementing and completing reviewer processes. The AG has also mentioned, in her report, multiple instances of improvements that we can take, and we've implemented all recommendations as they relate to cheque runs and disbursements at this point in time.

CHAIR: Okay.

How are staff dealing with the backlogs?

T. WOODMAN: Staff are dealing with the backlogs by working diligently to work through the filing and the matters that were left to them. At this point in time, I believe we'll be in a stronger position to meet the deadline set by the AG for these recommendations and having staff come in and completing backlogs of duties.

CHAIR: So are the timelines of payments being met?

T. WOODMAN: The payments are being met. We do a biweekly trust disbursement run and we do jury disbursements, as required, when the jury trials go ahead and there's a related disbursement. We keep committed to a biweekly process for that.

CHAIR: Okay.

Can you give an update of the new policies and procedures of the new practices?

T. WOODMAN: Yes, I can.

For example, the Auditor General had indicated that our accounting software had capabilities to overwrite creditor information. Since that was identified by the AG, we realized that we needed stronger controls surrounding those areas. We have implemented procedures to make sure that that's reviewed appropriately, so everything is done correctly and in accordance with how the trust disbursement was intended.

I would also reiterate as well that throughout the performance audit, it was indicated that from a financial perspective, there were no errors or fraudulent activities identified.

CHAIR: Okay.

Just my last question, I guess – in Recommendation 1: “The Department of Justice and Public Safety should create a formalized oversight process, including a review of the relevant legislation, to support the High Sheriff in their responsibilities”

Has the best oversight models and practices been implemented?

D. MAHONEY: Thanks, Chair.

On the issue of oversight, that was one of the points that we had raised with the Office of the Auditor General because we did want to remind all that, in terms of oversight, there are two elements of oversight: one is management oversight and the other one is control oversight.

Tyler has addressed in his remarks already the fact that we identified that there were some things between our controller's department inside of JPS centralized and the finance office of the High Sheriff that were not being optimized in terms of controls. Those issues have been addressed and they're also being embedded in policy for new standards.

As it relates to the oversight of the office, I've already described it in a response to an earlier question. The nature of the engagement that exists between the assistant deputy minister, the High Sheriff – one on one – the engagement with the assistant deputy minister and the leadership team, the management team at the Office of the High Sheriff, both of which are intensive, we view that as a form of oversight and we view that as an acceptable and appropriate form of oversight.

What we've asked to do, we've asked to meet with the Office of the Auditor General to clarify some of their expectations about their description of oversight. We've had some conversations and there is a meeting that is being scheduled to get that clarification. But in the meantime, we have reached out to both the Offices of the High Sheriff across the country – in that sense, a jurisdictional scan on their practices – and we've also done a jurisdictional scan in terms of anything that would be embedded in legislation.

Those things are revealing that there's no consistency, there's no standard as it relates to that type of oversight model that was contemplated in the language used in the recommendation. But I'll go back to the idea that we keep an open mind, so we are looking for any improvements. We are open to implementing improvements. We're open to hearing the recommendations of the Auditor General on things that can be done. If it comes down to issues of if our conversations need to be minuted, action items that are committed between the High Sheriff and our department that are follow-up items that need to be recorded, routinely followed, updated in a regular reporting document, those types of things I expect can be implemented. I believe some of that is already being used, but it can always be improved upon.

So that's where we are with the issue about the oversight process and we're committed to improving it based on the learnings that

we have through our meetings with the Office of the Auditor General, as well as what we're learning from the other High Sheriffs across the country.

CHAIR: Okay, thank you.

That ends my questions. I'll just ask the panel now if there are any further questions?

With that, I do thank the department for their time. I'll ask the deputy minister now if there are any closing remarks in this matter.

D. MAHONEY: Three things – thank you again, Committee, and to the Office of the Auditor General for the collaboration.

Secondly, we are always open to learning and we are committed to following up on any of these things. We are committed to addressing these issues and making improvements in our department. And whether something comes by way of changing a practice, changing a policy or changing legislation, those are things that we are committed to do.

Then, lastly, I just want to thank the people in the department and in the particular divisions we're speaking about. I think you've heard from the expertise of the people that we're surrounded by, that it's one of the reasons why in these areas I feel, as the deputy minister, we can sleep at night because we have very good talent on our team. They are committed to making the change that we're held accountable for.

So we're grateful for the people that we have in our department, and I just want to say thank you again to them.

CHAIR: Okay, thank you.

I'll ask the Auditor General if she has any closing remarks?

D. HANRAHAN: Thank you, Chair.

Thank you very much for the commentary here today. It helps us an office to get current information with respect to recommendations and implementation of our recommendations. Our office's policy is normally we expect three years for everything to be fully implemented, so we know it takes time. And certainly, the role of the Public Accounts Committee helps us from ensuring that the accountability happens, especially in that first three years, and then afterwards when we report back on status.

But there are a couple of comments, and I'll gladly give you an opportunity to correct me if I'm wrong in what I heard. You know what it's like, things are very quick. But, just for clarity, a couple of things I think are worthy of mentioning.

We certainly have seen an improvement since the manager position has been filled, and we've certainly seen communication between our office and the Office of the High Sheriff has improved. There has been a lot of hard work by a lot of people to get those financial statements up to date, and we certainly appreciate that.

We received the year ended March 2023 yesterday, so certainly happy to start working on that audit. Right now, at this point, we're one year behind and fingers crossed we'll have that over the bridge and when I do my annual report, the end of the year, the Office of the High Sherriff wouldn't be on my list. So very thankful for the work on the financial statement audits.

But I do want to mention that – and correct me if I'm wrong – my office is not aware of ever being asked to come to the Office of the High Sherriff. As a matter of fact, when I became Auditor General, I was very dismayed to know that there were four years of financial statements not done. I took it as a tolerance test, to be honest, of my office, that I'd accept that. I appreciate it's a small office, but it's very important with

respect to the front-line service it provides and the money it holds.

We saw a huge issue with oversight. So we triggered pressure, I think is a fair way of putting it, I'm sure officials in Justice and Public Safety and the Comptroller General's Office would say that, to help get resources to get the financial statements done and all the documents that needed to be done, because we know once time passes, it's challenging to get documents and very happy that people responded well.

We also felt that there were other things going on and so we felt there was value in doing this type of audit and thankful for the reaction to the controls, because until you know there's a problem, it's hard to fix.

I think this is the power of audit, as I call it, and the value of having hearings and the value of Public Accounts following up, certainly, for all of us, because I heard this morning lots of comments about, we took that information and then we reacted.

We make recommendations, we don't impose. You have lots of span of authority to be able to implement as you see fit and as you need to fix, so certainly are thankful for that.

We appreciated the ask for, I think, it was on Monday, with respect to chat about our recommendations. It's the reason why we've started to issue management letters, and I think this particular audit was one of the early ones for us, last November, where we're giving our auditees additional information beyond the recommendations. Recommendations can be really high level, so we appreciate sometimes it can be challenging to get the detail down below and certainly we knew this one in particular, based on the response when we did the audit report, that there was some concern. We had hoped that management letter in November helped and we're more than glad to talk through.

Like I said, we use three years as a rule of thumb. So we still have time, obviously, with the report having gone out last September. So certainly can speak to that and happy to say that the financial statements are in much better position than they were this time last year and certainly when we were doing our audit.

I just wanted to thank everybody for the hard work on that for sure.

CHAIR: Thank you, Auditor General.

Again, I would like to thank the officials of the Department of Justice and Public Safety for their attendance and testimony today.

With that, the Committee will take a brief recess for consideration of the Food Premises Inspection and Licensing Program.

Recess

CHAIR: Okay, thank you.

In this portion of the public hearing, the Committee will be considering the Food Premises Inspection and Licensing Program. I would like to thank the deputy minister of Digital Government and Service NL and Health and Community Services, as well as officials from their department for their appearance here today.

I will start with a few reminders for the witnesses and outline how this portion of the hearing will proceed before I call the Clerk to swear in and affirm the witnesses.

Witnesses are reminded that this is a public meeting and your testimony here today will be part of the public record. Witnesses appearing before a Standing Committee of the House of Assembly are entitled to the same privileges granted to Members respecting parliamentary privilege. Witnesses may speak freely and what you say in this parliamentary proceeding may not be used against you in civil proceedings.

Live audio will be streamed on the House of Assembly website and social media channels and an archived version will be available following the hearing. *Hansard* will also be available on finalization.

When you are called to speak, please raise your hand, the light will be activated in time for you to speak; identify yourself by saying your first name.

The Committee's consideration of this matter will proceed as follows: First, I'll invite the deputy minister to make opening remarks; then the Committee Members will pose questions in turn of 10-minute periods. These rounds will continue until the Committee have exhausted their questions on this matter.

I'll now call on the witnesses to introduce themselves by saying their name and title. We'll start with the deputy minister of Digital Government and Service NL, followed by those officials; then the deputy minister of Health and Community Services, followed by those officials.

S. DUTTON: I'm Sean Dutton, Deputy Minister of the Department of Digital Government and Service NL.

G. BOLAND: Gail Boland, Assistant Deputy Minister of Digital Government and Service NL.

T. MCDONALD: Tammy McDonald, Manager of Environmental Health, Digital Government and Service NL.

J. MCGRATH: John McGrath, Deputy Minister of Health and Community Services.

G. SWEENEY: Gillian Sweeney, Assistant Deputy Minister of Population, Health and Wellness.

J. FITZGERALD: Janice Fitzgerald, Chief Medical Officer of Health, Department of Health and Community Services.

D. HOWSE: Douglas Howse, Manager of Environmental Public Health with the Department of Health and Community Services.

CHAIR: Okay, thank you.

I'll ask the Clerk now to administer oaths and affirmation of witnesses.

Swearing of Witnesses

Mr. John McGrath
Ms. Gillian Sweeney
Ms. Janice Fitzgerald
Mr. Douglas Howse
Mr. Sean Dutton
Ms. Gail Boland
Ms. Tammy McDonald

CHAIR: Okay, thank you.

I'll now call upon the deputy minister of Digital Government and Service NL to bring opening remarks.

S. DUTTON: The Department of Digital Government and Service NL delivers a number of licensing, inspection and enforcement activities on behalf of government. One of those is for the food premises program and authorities derive from the *Food Premises Act* and regulations. That legislation is administered by the Minister of Health and Community Services.

We deliver that program through our environmental health officers who are posted throughout the province. We received the report in March 2023. It contains five recommendations, three of which are for our department. One is shared between Digital Government and Service NL and Health and Community Services and one is for Health and Community Services, where they've committed to work with our department on its implementation.

We've provided to the Committee written updates on our progress in implementing

the recommendations in September 2023 and April 2024. Since then, we've continued to make progress on the outstanding items.

CHAIR: Okay, thank you.

I'll now call upon the deputy minister of Health and Community Services for opening remarks.

J. MCGRATH: Thank you, Chair.

Firstly, I would like to thank the Committee and the staff for the opportunity to appear today and for all the work that you do. The department certainly values it. We'd also like to thank the officials who performed the audit, as well as the staff who assisted in the department. I certainly think the recommendations are valuable. We have accepted all of them and there has been substantive work done on each of those.

With regard to the five recommendations that Sean alluded to, I am happy to say that two have been fully implemented and there has been significant work done on the other three. We are currently in the process of undertaking a thorough review of the policies and guidelines in consultation with DGSNL. This review is being supported by two dedicated policy analysts who do have that expertise. We are in the process of filling those positions.

The department has developed a food premise inspection program monitoring framework. This does outline processes and reporting expectations. The framework also includes key performance indicators that are based on data from the AMANDA system, which is with DGSNL, which again was a key recommendation from the report.

We are also in the process of implementing an interactive dashboard that will support the analysis of the data collected and that is in accordance with the framework, of course. The dashboard is intended to review the effectiveness of the program and it will measure the KPIs.

Also, I'm happy to say that we have reviewed and put in place a revised MOU between the two departments that was signed on September 26, 2023. The MOU will remain in effect for a period of five years and under the terms of that MOU, a fulsome review will happen the year prior. It also ensures regular communication and facilitation between the two departments, which again was another key recommendation for the OAG.

The revised MOU does state that the deputies of the two departments will meet annually to review issues and the administration of the program. I'm happy to say that Sean and I do have a meeting prior to September 2024.

In addition to that, the MOU also states that ADMs will meet semi-annually, again to review the program, troubleshoot, ensure that inspections are taking place in accordance with the framework as intended. The first meeting did, in fact, take place in May, and another is scheduled for September.

With that, again, I'd just like to thank the Committee, and I'm happy to take questions.

CHAIR: Okay, thank you.

With that, I'll now recognize the Member for Placentia - St. Mary's to proceed with the questioning.

S. GAMBIN-WALSH: Thank you, Chair.

You just completely answered one of my questions.

J. MCGRATH: That's good.

S. GAMBIN-WALSH: So you spoke of a framework and an interactive dashboard. Is there a dedicated complaints-reporting mechanism in place now for the general public?

T. MCDONALD: We do have several mechanisms which complainants can contact Digital Government and Service NL and lodge a complaint via email, telephone or in person. We do have a systematic schedule on how we handle complaints, which we have a customized reporting system for those so they will all look consistent and be retained consistently.

S. GAMBIN-WALSH: Okay, thank you very much.

My other question had to do with what staff were meeting, and you answered that with your deputy minister meetings and your ADM meetings.

That's it; that's all the questions I have. We will move on.

J. BROWN: Thank you so much.

Given that some of the concerns were around rural and remote areas that have food premises, what resources will be allocated to make sure that those locations do get inspected efficiently and on time, as per some of the recommendations made here, but also in your own policy?

T. MCDONALD: So we've implemented ways to reach those facilities that are in remote locations. There is one in particular, which is Black Tickle, which has no mechanism for commercial passenger transport. We've made arrangements to do those inspections virtually, and any other ones that we can't access, whether it's logistically, we've made arrangements to do those inspections virtually as well.

J. BROWN: Thank you so much.

You did mention earlier – this is jumping off my colleague's question here – about access or complaints and stuff through the portal. I had a look on the site, and I had a very hard time finding that information to make a complaint about a food premise. It didn't seem to be very easily accessible.

Is there any work being done probably to update your website and make it more accessible or easier to find this information? Because I had a hard time finding it.

S. DUTTON: If I can say that we haven't had a problem with people finding the department to make complaints. I appreciate there may not be a dedicated place on the website, but we do have a general address and general line for calls. We get a lot of calls – people call the minister's office or call their local government service centre.

The purpose of this was for the tracking of complaints, which may come in from a variety of sources. So this is really an internally focused measure to track using the spreadsheet of those complaints which come in from a variety of places, as was described in the Auditor General's report.

J. BROWN: Perfect. Thank you for that.

Given that in other food premises you signed an MOU for the next five years and that you're going to have a review on the fourth year leading to the fifth year of the MOU, what resources will be in place to do this review? Or is this going to be more in-house, or is this going to be an outside consulting service? What's the general idea of this review with this MOU going forward, as this was one of the recommendations to have this MOU? What is kind of like the outline there?

J. MCGRATH: So it is in the MOU that we would look at it in the fourth year. In the MOU it dictates that, for example, Sean and I need to meet annually. I think ADMs need to meet regularly as well and also the technical staff need to meet on a regular basis.

We would expect to collect that information, what's working, what's not working in the MOU, what needs to be troubleshooted, are there additional oversights. We would certainly make those changes to the

existing MOU along the way, but we would also gather information to say what needs to be brought forward for consideration in the review in the fourth year.

When we do those types of reviews, we always try to look in-house first, just simply because it's more cost effective and oftentimes we do have the expertise within the department, instead of outsourcing it. If the decision is made that resources are tied up or if there's a cost-benefit analysis done to outsource it, then that's something we would certainly look at.

But again, I think, it's early days to kind of say definitively that we're going to outsource the review. I can say that we would certainly look internally, just because it makes more sense to do so. Again, I can't say for sure, definitively one way or the other, but I hope that gives you some idea of where we're headed.

J. BROWN: Thank you, Deputy Minister.

Yes, obviously there.

So when you were talking to the MNL, did you guys do a jurisdictional scan on other regions and what they are doing when it comes to food premise inspections to make sure you had best practices and also, I guess, going between the Department of Health and over to Service NL, to make sure that it's cohesive and coherent on what's expected of these inspections?

D. HOWSE: Any time we're reviewing policies in our programs areas we do tend to look across Canada and jurisdictional scans would be part of that. We're also in regular contact at the federal-provincial-territorial level on the Food Safety Committee.

So we're regularly involved in discussions at that level and are aware of any changes that may be taking place across Canada.

J. BROWN: Perfect, thank you so much for that.

Part of this, I guess, where it's technically in Department of Health and Service NL would be the one to carry out the inspections, has there been any additional training required with this MOU or with these changes; or is there any additional training, any additional requirements that will be needed; or is it just following up from the previous years of this work?

D. HOWSE: No additional training would be necessary in updating the MOU, I don't think, from year to year. If we're making significant policy changes on the food safety premises and inspection program, yes, we would certainly reach out to Department of Digital Government and Service NL and arrange for a session with the environmental health officers to make them aware of any policy changes and to ensure that they're comfortable in applying those new policies.

J. BROWN: Perfect, thank you.

That was my final question.

Thank you so much.

J. WALL: Good morning.

Thanks to the deputy minister's opening remarks and my two colleagues to my right, five of my questions are gone, but I'm used to that.

I do have a couple of questions with respect to risk assessments. The Office of the Auditor General's management letter includes the expectation that risk assessments be completed in accordance with an established frequency. It doesn't appear to be included in the action plan. So can both departments please describe how you're going to manage the risk assessments?

T. MCDONALD: It was noted during the Auditor General's report about not completing risk assessments and that was referring to paper-based risk assessments. Of course, they're all contained in the information management system. As we're moving into more digital format, they're all going to be digital and no more paper copies will be retained.

J. BROWN: Okay, thank you very much.

Thank you, Chair.

CHAIR: Thank you.

Just a couple of questions, if I can. I know the Member for Cape St. Francis was on the tail end of it losing questions, so you can figure where I'm to.

Just a couple of quick questions. In your opening statements, you did say there were two positions to be filled. Is there any idea when they will be completed and filled?

J. MCGRATH: I have signed off on the RSAs. I believe one is posted. So one is posted and we would leverage that competition to fill the other one.

In the meantime, we have diverted some resources internally, because this work is important and Douglas is doing really good work. We have started that review of policy, so it is moving along. But I think that, certainly, as the permanent head of the department, I think we need to have those dedicated resources in there because not just for reviewing policy within this program, there are a lot of other programs. So I think there's a need to put those in place. I hope that answers your question.

CHAIR: Can you provide a briefing or an update on the MOU?

S. DUTTON: Yes, as John mentioned, he and I signed an updated MOU in September and that contemplates twice yearly meetings with the assistant deputy

ministers. So they've had their mid-term meeting already. He and I have a meeting scheduled for September 25 to review the MOU and we'll determine if there are any further amendments required. I would conclude, once that meeting has taken place and that work has been done, that we would consider the recommendation fulfilled.

CHAIR: In the regulated inspections, are they done in meaningful time periods? Food inspections, are they done in a meaningful time period, the regular inspections?

T. MCDONALD: I just want to note that during the audit period that a lot of inspections were not completed because of COVID-19 pandemic and our resources being shifted elsewhere to handle that pandemic. But inspections are back on schedule. They are scheduled for inspectors to do and we do have that documentation as well.

CHAIR: Okay, I think that'll finish the questioning for me. I don't know if there's any more questioning for –

J. WALL: Just one more.

CHAIR: Okay, the Member for Cape St. Francis.

J. WALL: Yeah, just one more question.

With respect to food inspections, what preventative controls are in place to ensure that they're done in a timely manner? Are there any guidelines or any regs in place to make sure that they are all done, as the Chair said, within a timely manner?

J. MCGRATH: I just want to speak to start, then I'll hand it over to Sean.

I think part of the MOU that dictates that we need to get together on a regular basis from the DMs and the ADMs and the technical experts as well, I think that's part of what we look at, as part of that on a regular basis. So

it is a preventative detection I guess, or a preventative control in place. It's a control in place.

We would assess then to make sure that they're being done on a regular basis, done in accordance with the MOU, done in accordance with the policies and best practices. If there are any issues that do come up, I think Sean and I can certainly look at it that time: what additional resources are needed, are there any other issues and we can certainly troubleshoot from that.

So I think that's one of the controls that is put in place. As Tammy alluded to, I think some of the observations in the report were that there were inspections missed. That was during a very challenging time –

J. WALL: Mm-hmm.

J. MCGRATH: – the audit period was, certainly during the pandemic. But I think – God forbidding anything like that happens again – there would be controls in place where we would meet and we would at least be able to assess to see what kind of resources we would need to put in place, if, in fact, inspections weren't happening in a timely manner.

J. WALL: Thank you.

J. MCGRATH: Do you want to add something, Sean?

S. DUTTON: Sure, and again as I mentioned earlier, we had provided an update initially in September and had attached the copy of the MOU at that time. So if you turn to Appendix I of the MOU, it sets out the regular schedule for inspections. Again, the recommendation on improving our information management system will help us to ensure that we're doing adequate follow-up.

So the last step in that is the procurement of some additional tablets. We have six tablets

purchased and another 29 have been ordered, which aren't yet at the vendor, but we expect to have those distributed to staff throughout the summer. That should help to ensure that we can transfer the information more fully, it won't have the same kind of re-keying errors that might arise from having a paper form and then going back to the office and having to re-enter the data into another system. I expect that we'll have a more reliable system once that's fully operational and that recommendation would then be completed.

J. MCGRATH: I also want to mention the key performance indicators that have been put in place through the framework that we recently approved. I'm going to hand it over to Douglas to speak to some of that, but those are some additional controls that are in place as well.

D. HOWSE: One of the key performance indicators that's been included in the new monitoring framework is to look at the timely completion of inspections of licensed food premises and we'll measure median days between the inspections for low-, moderate- and high-risk premises.

J. WALL: One further question with respect to the amount of staff in both departments, not only to complete the inspections, but with respect to data retention, all of that is in place and there's no issue there going forward?

S. DUTTON: Sorry, all of what is in place?

J. WALL: You have sufficient staff for complete data retention and, of course, for the food inspections themselves? There is an adequate number of staff in both departments to make sure this is fully completed.

S. DUTTON: Yes, I mean there are regular turnover. We have one position posted on public job site with no closing date for an environmental health officer in Lewisporte. So if anybody is listening out there that has

the qualifications, it is a wonderful place to live. And we have a couple of others that we're filling by training up staff and once they get their proper accreditation, then they'll hopefully be in a position to move into some of the others.

I think we have 33 of 36 positions currently filled at this moment in time, so we're in pretty good shape. That's certainly not a major concern and, obviously, we'll redeploy staff or hire back people temporarily to fill gaps wherever that's warranted.

J. WALL: Thank you, Chair.

CHAIR: Okay, thank you.

Any other questions?

Okay. I would just like to say thank you to the department for coming in and I will ask the deputy ministers if there are any closing remarks on that matter.

J. MCGRATH: I would just like to thank the Committee again. Thank you for the work you do and thank you for the work of the Office of the Auditor General. I would also like to thank the staff in the department who helped assist with the audit as well.

CHAIR: Okay.

I'll ask the Auditor General if there are any closing remarks – oh, sorry, Digital Government and Service NL.

S. DUTTON: I would just like to thank our team of environmental health officers. Under Tammy's leadership, they've always done a great job. They were unsung heroes of the pandemic and particularly stepped up in that period of time that we needed all hands on deck. We appreciate the work they do, not just during Environmental Public Health Week in September, but every week of the year.

CHAIR: Auditor General, any closing remarks?

D. HANRAHAN: Thank you, Chair.

Thank you very much for answering many questions for us. As an office, it is helpful to know progress is being made. We use three years as a rule of thumb for actions, because we know things don't happen overnight. So it is good to know and very appreciative of the Public Accounts Committee for ensuring the accountability on our reports and seeing that there are actions happening as we go through, and certainly good news to hear about a refreshed memorandum of understanding. I think that's really important.

Just a point of clarification, because we did get this question when we released this report. I certainly appreciate the realities of the pandemic, but our audit's scope period started in 2019. So we knew that part of that audit would be impacted by the pandemic and it is the reason we went a little bit backwards to show some of the issues with the programs. So very happy to hear back on track and that life is returning to the new normal that we live in, too.

Thank you.

CHAIR: Okay, thank you.

Thank you again to the officials of the Department of Digital Government and Service NL and the Health and Community Services for their attendance in the testimony today.

With that, the Committee now will take a recess and we'll return around 1:30 for the Innovation and Business Investment Corporation.

Thank you.

Recess

CHAIR: Okay, thank you for attending this portion.

I would like to apologize for any further delay, but we understand the delay – we really do. It's something that's happening in Labrador and it needs to be paid attention to. One of our Committee Members is certainly paying attention to that, but we apologize for the delay.

In this portion of the public hearing, the Committee will be considering the Innovation and Business Investment Corporation audit report. I would like to thank the deputy minister of Industry, Energy and Technology and officials of the department for their appearance here today.

I will start with a few reminders for witnesses and an outline of how the hearing will proceed before I call the Clerk to swear in and affirm the witnesses.

Witnesses are reminded that this is a public meeting and your testimony here today will be part of the public record. Witnesses appearing before the Standing Committee of the House of Assembly are entitled to the same rights granted to Members respecting parliamentary privilege. Witnesses may speak freely and what you say in this parliamentary proceeding may not be used against in civil proceedings.

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The Committee's consideration of this matter will proceed as follows: First, I'll invite the deputy minister to make opening remarks. Then, the Committee Members will pose questions in turn of 10-minute periods. These rounds will continue until the

Committee have exhausted their questions on this matter.

I'll now ask witnesses to introduce themselves by saying their name and title. We'll start with the deputy minister, followed by the officials.

J. COWAN: John Cowan, Deputy Minister of Industry, Energy and Technology.

N. EMBERLEY: Nadine Emberley, Director of Programs and Services.

K. YAUDEN: Kirk Youden, Director of Sector Diversification.

D. GRANT: Dana Grant, Director of Accelerated Growth.

T. PARSONS: Taylor Parsons, Director of Business Analysis.

CHAIR: Okay, thank you.

I'll ask the Clerk to administer the oaths and affirmations.

Swearing of Witnesses

Mr. Cowan
Ms. Emberley
Mr. Youden
Ms. Grant
Ms. Parsons

CHAIR: Thank you.

I'll now call upon the deputy minister to bring opening remarks.

J. COWAN: Thank you.

Good afternoon, everyone. My name is John Cowan and I'm the Deputy Minister of Industry, Energy and Technology, as I noted, and a board member of the Innovation and Business Investment Corporation.

We would like to thank the Office of the Auditor General for undertaking a performance audit of the Innovation and Business Investment Corporation core programs and COVID-19 support programs, covering an audit period of June 2018 to December 2021.

The IBIC board consists of nine members, including three departmental representatives and six volunteer members appointed by the Independent Appointments Commission. All administrative and delivery functions for IBIC rest with the Department of Industry, Energy and Technology.

The audit report outlined six recommendations resulting from the audit: four pertaining to core programming and two related to COVID programming. The Public Accounts Committee requested that IBIC provide an action plan for implementation of recommendations regarding the Office of the Auditor General's June 2023 report. The action plan was delivered, as requested, in September of 2023.

Using an approach for continuous improvement, the department works to ensure regular program oversight and consistent internal control. The action plan, however, outlines specific items in response to all of the recommendations from the Office of the Auditor General. Some of the actions are ongoing, have been completed, or are under way, as per the planned timelines.

IET takes seriously its responsibility to ensure due diligence with all of its programs. We reviewed the Auditor General report in detail and accepted the recommendations. We recognize the necessity for diligent management of public funds and the fundamental role to ensure accountability of all programs.

We continue to ensure regular program oversight is applied in a consistent manner. Processes are continuously being reviewed

to ensure that programs are being delivered effectively. We continue to work with the Office of the Auditor General annually with IBEX-audited financial statements to address any policy and program improvements.

In 2023, the corporation approved over 230 projects, totalling approximately \$16 million for small businesses and organizations. We continue to see strong interest in our programs and services. In addition to our regular programming, the Auditor General's report focused on the Small Business Assistance and Tourism and Hospitality Support Programs, both of which were COVID-19 relief programming that were designed and delivered by IET staff.

During that time, IET also led the province's business response team, responding to any business inquiries in partnership with the Department of Health and Community Services. As we recall, thousands of businesses and jobs were under significant duress during the pandemic. Jurisdictions all over the world came to the same conclusion in providing emergency economic support during that time.

IET and IBIC were tasked with creating a program and assessing thousands of applications. The process for all rounds of the Tourism and Hospitality Support Program and the Small Business Assistance Program resulted in over 8,500 approvals in a period of about 18 months. Together with normal programs, approximately \$50 million in funding was used to support applicants. Normally IET would receive hundreds of applicants per year.

Again, we take our role very seriously and pride ourselves on the fact that we represent communities and businesses and economic development throughout the province.

Thank you, and I look forward to your questions.

CHAIR: I now recognize the Member for Placentia - St. Mary's to proceed with questions.

S. GAMBIN-WALSH: Thank you very much.

I have a number of questions. I'm going to start with the Research and Innovation Fund for non-commercial entities. That program presently provides up to 50 per cent of total eligible costs of a specific project. The audit found that at least three draft policies were in use by staff. Is there one policy now? Is there a policy? So what policy is being used?

K. YODEN: Yes, there is one policy. As you can imagine, in 2017, we received the former Research & Development Corporation, RDC, into our organization. There was a period there of modification into our programming and some of that work still continues today. We do have one set of guidelines that were adopted probably two years ago, by the IBIC board.

S. GAMBIN-WALSH: Again, similar. My second question is the Research and Development program, the same thing, for commercial, applies up to 50 per cent of total eligible costs funded. The audit found that this program lacked a current policy and procedure document and that staff used draft policies intended for a new program. What are staff using today?

D. GRANT: Right now, we are still using that policy; however, we expect to have the new policy rolled out within the next month.

S. GAMBIN-WALSH: Okay.

What is the process to determine what applicant is successful to receive a non-repayable contribution to a maximum of \$100,000 in a government fiscal year? So how and how is merit determined?

T. PARSONS: In terms of our non-repayable funding for up to \$100,000 per

year, that would primarily be our Business Development Support Program, which, as Dana said, we are working still on trying to finalize some new programming. So we will be rolling out very soon our Business Growth program. It would have similar activity.

So basically with that program, it's a continuous intake program whereby we have a very specific set of guidelines that we use for criteria. So one of the things that we do with a client and an applicant is ask for an application and a proposal. We would work with that client to ensure what their needs are would fit within the guidelines. So we have a very rigorous process whereby we do an analysis on their application and the proposal. It is an iterative process where we work directly with the client to fill in any gaps for information. We do set expectations and timelines for ourselves that we would be able to meet expectations for timelines for the clients.

So they have a certain timeline that they want to get their project started and we try and make every effort to make that happen.

S. GAMBIN-WALSH: Is it a consistent analysis across every application that's received?

T. PARSONS: Yes, it is. The staff are provided with a set of guidelines and they do follow that. We also have within our department what we call a CS3, that's our client service database, and that allows the staff to provide consistent overview of each project so that things are not missed. Those don't generally tend to change much from program to program so the staff who are doing the assessment, even though it might be a different program, they would follow the same type of information that's required.

So we would certainly need to understand a whole host of information around the project and the viability of that project. We would need to understand the management and staff and the shareholders of the company.

We would have to understand the market opportunities that they're going to try and meet. We would certainly do a financial analysis on every single project. So they're all done consistently, absolutely.

S. GAMBIN-WALSH: Okay.

If a specific position exists in IET that does the credit checking on applicants, what position is it?

T. PARSONS: In terms of credit checks, basically we have within the department or throughout the department, I guess, a number of different offices and within those functions is generally a financial officer, but, in some cases, it would be an economic development officer who would actually do that work if the office or branch does not have a financial officer.

S. GAMBIN-WALSH: Okay, thank you.

How are applicants verified after awarded large sums of money, say anything over \$50,000? If an applicant says that the funding, for example, is used to purchase business equipment, how do you confirm that that's what was purchased?

T. PARSONS: All of our programming requires confirmation of invoices or receipts. So those would be on file. Generally speaking, there would be multi-payments for each project so there could be an advance payment whereby we don't have an actual receipt, but that would be the only case. In every other circumstance, as a project progresses, we would have actual receipts from the client.

S. GAMBIN-WALSH: Okay.

Are there any physical site visits for applicants say with larger sums of money that would receive \$50,000, \$75,000, \$100,000? Are there any physical site visits?

K. YAUDEN: I can say that a standard practice for the department, even over the last 15 to 20 years, if you're in a particular rural community, they are doing visits and regular checkups with clients and so forth. They can from time to time require but it's as needed and as required.

S. GAMBIN-WALSH: Okay, thank you.

Who does the cross-departmental checks, say with the Department of Finance of the Office or the Comptroller General, before issuing a loan?

T. PARSONS: That would be similar to any type of credit check. They would be done by the financial officer or the economic development officer.

S. GAMBIN-WALSH: Okay.

Who from IET reports to IBIC, for example, if there was information about delinquent loans and investments to the board's attention? Does anybody do that?

T. PARSONS: The way IBIC operates is in terms of the board, there would be six to eight meetings per year and that could vary depending on what kind of projects we would have. So Kirk Youden is the secretary to the board and he would organize any type of information that goes to the board.

Generally speaking, if it is anything to do with the delinquencies, that would be by myself, Taylor Parsons, because I'm responsible for the business analysis team, who also includes the portfolio management team. So our portfolio management team would be tracking all of the delinquencies, anything that would be 30, 60, 90 days and then certainly the older files as well that are being monitored. But they would all be considered delinquent.

S. GAMBIN-WALSH: Okay. Thank you.

Could you just briefly run us through the monitoring process for loans. How are they monitored?

T. PARSONS: So once a loan is issued, of course depending on what it's for, if it's for a piece of machinery equipment, we would verify that equipment would be received, then the loan payments would start. Generally speaking, they would start right way: the principal and interest payments. We continue to monitor that through our tracking system on a monthly basis. So our portfolio management team gets a record – most of our payments are through preauthorized payments, they come into our bank accounts. So basically what would happen is a few days after the first of the month, we would get reports from our bank indicating if there are any delinquencies and if those preauthorized payments didn't go through. So that would be our first trigger.

In terms of longer term, generally speaking, we are working directly with the client if they run into a financial issue. If, for example, they can't meet the terms and conditions that are outlined in their letter of financing, what we would do is try and work directly with the client to see what kind of short-term payment plan we can get them on. So the idea would be to try and make sure payments are flowing, even if it's not exactly as the letter of financing would be.

S. GAMBIN-WALSH: Okay.

T. PARSONS: So a lot of times they can make an interest-only payment, or they can ask for a delay for a month or two and then start their payments again. So we continuously monitor those through our tracking within the system and directly with the client.

S. GAMBIN-WALSH: Okay.

Just one more question on this area. It was indicated there was approximately 103 loans valued at \$6.2 million with doubtful collectability, according to the corporation's

financial statements. Why are they not written off?

T. PARSONS: Some of it is a little bit complicated. We, obviously, are in the short-term delinquencies and the route is try and make those in good standing as quickly as we can. As we progress further along, we follow the *Limitations Act* and that would prescribe basically what would be the limitation for recovering a debt.

What happens a lot of times with IBIC is that we would have security that would represent the ability to collect in the future. For example, if a company doesn't necessarily operate but we still hold, say, mortgage on their property, then we know at some point when that company or individual would be looking to progress, say, to sell it or to start a new business, then that's the opportunity to be able to collect.

We basically try and collect for an extended period of time because of that, as long as we have the right to do so, based on the *Limitations Act*.

S. GAMBIN-WALSH: Okay, thank you.

My time is up.

J. BROWN: Thank you.

Recommendation 4: The Innovation and Business Investment Corporation "should ensure that concerns raised by staff working directly with applicant information, and the resolutions of such, are dealt with and fully documented as part of basic due diligence."

Clearly, it was brought up it and through this, that there were some applicants that shouldn't have been given any grants or loans or any funding of that sort, and they were raised by staff about some concerns and stuff there, but they were still given those funds. What has the department and the Investment Corporation done to make sure that that doesn't happen again?

N. EMBERLEY: I'll just comment on that.

There was one instance that, through the sampling, was picked up that there was an opinion by the assessment officer that differed at a different stage from the approver. However, it wasn't documented. So through the assessment process, there was some work back and forth to rectify those items.

What we have done and what we're doing and ongoing is updating our policies to ensure that things are documented properly. In that particular instance, it wasn't documented in the activity section of our system. It wasn't updated in the analysis document. So that's one thing that we're ensuring that's in our documents going forward.

J. BROWN: Thank you.

When will that policy add-on be implemented inside the department? When should that policy document be completed?

N. EMBERLEY: That's one thing is that we're trying to ensure consistency across all programs. It won't be just implemented into one program, so anything from a commercial nature or under IBIC programming. We're working right now the immediate policy that's going to be going live this month, the Business Growth program, so it's already in there and training will be taking place with staff in the coming weeks.

As well, as that's something as the new director of programs and services, which the department hired last August, I've been tasked with that process overall for all programs and service. In previous questions regarding consistency, that's one of the things that we're looking at.

J. BROWN: Excellent.

Obviously, the concerns of staff that are working with some of these applicants will

be documented and will be taken into consideration before any grants or loans are issued, and that's all programs through IBIC.

N. EMBERLEY: Yes, they need to be.

J. BROWN: Okay, perfect. Thank you.

Given how IBIC operates, it doesn't have any staff, per se – it is a corporation without staff; it uses internal resources from IET. But a lot of the applications don't actually get approved at the board level. They're delegated back to the department. Only, I guess, a small percentage actually goes to the board for consideration, I guess, at a certain value.

Do you have any concerns or has there been any concerns raised within the department about that and maybe having more of these applications go to the board for approval versus approval through, I guess, the staff rather than the board itself?

T. PARSONS: So the IBIC Act allows for the powers of the board and then, of course, the bylaws would outline what the delegated authority is to the department and to the management committee.

This has been the case with IBIC and then it's predecessor, BIC, which is the Business Investment Corporation, that also had delegated authority. We've not seen any major concerns. Basically, at the departmental level, for the directors is \$150,000 and then a significant of the projects would then go to the management committee which is up to \$750,000.

We haven't seen any concerns. We have had times and projects whereby if we at the department or at the management committee don't feel we want to make that decision, if it should be seen for whatever different reasons, we would elevate that to the board. Even though there is delegated authority, we still have the option at any point in time to go to the board with projects.

J. BROWN: So there's a value amount that stays within delegated versus what actually goes to the board. Has there been consideration to lower that value to have more go to the board, or is it comfortable? Because I think it's 2 or 3 per cent of applications or something actually goes to the board.

Is there any consideration to lowering the dollar amount or anything like that? You're saying there's no concern, but there's some stuff slipped through. So I'm just concerned that maybe there should be an extra set of eyes on it.

J. COWAN: Again, I can reiterate what Taylor said. The amount is \$150,000 delegated below that. Again, I could reiterate there've been no concerns or questions ever raised with me about that level or funding and approval.

I think the department is fairly comfortable with it. Obviously, if people started to raise flags, I mean we're amenable to people's suggestions, but at this time we don't see any need to change that.

J. BROWN: Okay.

Looking at some of the issues with collections on delinquency – and I know you talked about it earlier – have there been any other additional resources or any other options been pursued within the department to collect – I know you talked about waiting out for someone's mortgage or the sale of a property or anything like that. Have any other options been taken within the department to get some of this delinquency in a different means or a different fashion, considering some of them can last for a number of years?

T. PARSONS: On a case-by-case basis, we would do that. But we haven't basically gone to measures where we were bringing collection agencies or those types of things. We normally would handle that within the department. We do elevate it based on the

level of security that we hold for each of those different files.

J. BROWN: So right now, as of today, do you know how much is delinquent and is owing to this program?

T. PARSONS: I don't have the exact figures, but I know since the Auditor General's report was issued and there were approximately 100, we've basically written off approximately – either written off or is going to the board this week – 25 of those files.

So we are decreasing the number of delinquent accounts through write-offs. We're also elevating our efforts to try and collect, of course, in any different measures that we are. But again, some of those would be limited based on the fact of the age of those files.

J. BROWN: Given that (inaudible) how many times does someone who is delinquent through another company or anything like that has received funding through this program who probably shouldn't have? How many instances of that has happened that you're aware of?

J. COWAN: I'm sorry, could you repeat the question?

J. BROWN: I'm just wondering has there ever been applicants who had multiple companies and may be delinquent with one company but uses another company to apply for something and receive funding. Has this happened multiple times throughout the program or any time recently where multiple companies – or it is vetted correctly?

J. COWAN: We always vet all applications. Again, we do our credit checks, we do all our various checks so I wouldn't think that would happen. I'm certainly not aware of any.

J. BROWN: Okay. That's my final question for this section.

Thanks.

J. WALL: Good afternoon.

Just further to what my colleague for Placentia - St. Mary's mentioned about policies and procedures and, I believe, Ms. Grant, you said it was in draft form currently. So who does the final approval, moving from draft, is it the board or is it the department? Who makes that final approval to go from a draft process to having it enacted?

T. PARSONS: The way the IBIC Act reads is that the minister's responsible for the policies of IBIC and therefore the policies and programs of the department are under the authority of the minister. So the board's role in that would be that the department officials would bring all of those items to the board and ask for their recommendation to the minister to be approved. So the board would have an active role in participating in seeing the draft guidelines, providing input, but the official sign-off would be the minister.

J. WALL: Thank you, Ms. Parsons.

I have a couple questions on Recommendation 2, "The Corporation should ensure that all policies, procedures and contract terms for grants are followed and fully documented, including application assessments, approvals, payments and exceptions."

So first of all, what is the status of the department's work with OCIO on the development of an integrated case management system?

N. EMBERLEY: We've had a couple of meetings with OCIO in recent months. So this is a request that we've had as a department into OCIO since we've integrated the RDC into our department

because two systems came together: the one we were currently using and the one of RDC. So we've been working with OCIO over the years to make limited amounts of, I guess, strides in merging those two systems.

However, with the pandemic and other reasons, it has halted over time. In the last six months, we've met with OCIO a couple of times and they've actually – I'm happy to report – assigned a business manager to work with us and highlight any of the business planning, I guess, in the next six to 12 months. They haven't given us a date of when things will be finalized, but a group of management and staff have been pulled together to work with our IM team, as well as OCIO on a regular basis. So we're in the process right now of doing that and they've been investigating both systems and looking at our client management systems, our needs and our clients' needs So that's in process right now.

J. WALL: Okay, thank you.

My next question was with respect to a timeline. You said there is no date set currently; you said the limited amounts of strides with respect to working with OCIO. Can you just expand on that with respect to what more could be done from this department or OCIO? Are there any obstacles there to result in limited strides or is it just a time frame that you have to work through? Just trying to understand.

J. COWAN: We have a fairly extensive work plan with OCIO. We do meet regularly with the Chief Information Officer, who is very aware of, I guess, our needs, this being one of the critical things that we're working on. So in fairness to Nadine, she wouldn't have that level of conversation I've had with the Chief Information Officer, so they are aware and we are working towards it.

I don't think that limited strides is a fair characterization. We are working with OCIO. Sometimes it takes a little bit longer

than we'd like for work to take, but I'm sure we'll get there.

J. WALL: Thank you, Deputy Minister.

Is the board being updated regularly on compliance through a report, albeit monthly, quarterly, annually? Can you expand on that, please?

K. YODEN: Yes, in the last couple of years we've continuously improved with regard to that. Not only do they see the files that they've approved; they've seen the list of approvals. I believe that's done on a quarterly basis. So they get to see every single file that's approved, whether it be approved at a director level or a management committee level or not. We do that through our regular financial updates and is done on a quarterly basis now, at least for the last two years.

J. WALL: At least for the last two years.

Thank you, Mr. Youden.

Again, my colleague from Placentia - St. Mary's mentioned earlier about site visits. I'm just wondering, all particular and pertinent documentation for all these site visits, everything is documented on a regular basis and can be availed of with respect to the site visits?

N. EMBERLEY: Yes, there are instances where site visits aren't required. So if it's a work plan or a marketing plan, for example, or a feasibility study or something like that, that would not necessarily require a site visit. But yes, it should be documented when it's required and if it doesn't happen then that should be documented that's not necessary.

J. WALL: So when you say it should be documented – again, I'm trying to understand – should everything be documented with respect to a visit, or if it's not a site visit as you just explained, shouldn't all documentation be there?

N. EMBERLEY: It's being reinforced in our new policies to ensure that staff are communicating that properly through our systems and documentation.

J. WALL: Okay. The policies that were spoken about earlier that are going to be enacted? Perfect, all right. Thank you for clarification on that.

That's everything I have for now, Mr. Chair.

CHAIR: Thank you.

In the second recommendation by the Auditor General is states: "The Corporation should ensure that all policies, procedures and contract terms for grants are followed and fully documented"

Does the department ensure rules of the contract are fully abided?

K. YODEN: What's the question again?

CHAIR: Does the department ensure the rules in contracts are abided by the terms and conditions of the grants?

K. YODEN: (Inaudible) where we provide funding?

CHAIR: Yes.

K. YODEN: Yes, absolutely.

CHAIR: Okay. What is the process for accountability?

T. PARSONS: Basically, once the contract is entered into there's a period of time then for the actual project. So our economic development officers are actively working directly with the client. There are discussions, there are follow-up meetings, there are emails to make sure the progress is occurring. Then in terms of basically the monitoring would be monitoring all the terms and conditions of those contracts.

So we have, within our client system, an activity section where if you are looking for milestones and whatnot, that would be captured in that activity section. As well as, in order to be able to get your progress payments you have to prove where you are in your milestones.

So the monitoring is ongoing and very active during that period of time.

CHAIR: So how are the follow-ups to the businesses enforced?

T. PARSONS: Didn't hear you.

CHAIR: How are the follow-ups to the businesses being enforced?

K. YAUDEN: Just generally speaking, we will not advance as we go forward with a file if they don't meet the terms and conditions and spending money appropriately. We have a number of things that we can do, from write them a letter, to a site visit. For the most part, the vast majority – and I mean the vast majority of files – are delivered successfully. There are ones that are complicated, and we work through what our policies and procedures are for working, depending upon the program.

I think each and every officer, before they can close a file, has received the final report, has to confirm that all things that were said to be done is done and completed and that goes through, I guess, an approval process before any final payment is issued.

CHAIR: Okay, thank you.

In Recommendation 5, that the Departments of IET and TCAR should determine full extent of ineligible applicants; how is the department dealing with collections of small business programs?

N. EMBERLEY: Regarding the COVID programs specifically, we've been working with TCAR on a regular basis. So we've gotten together with TCAR and come up

with a methodology to be looking at those samples that were highlighted, as well as other files.

There have been items identified obviously in the audit report that we're working to – some have been sent letters to retrieve any potential overpayments, as well as there are some correspondences going out in the next few weeks.

CHAIR: What are the percentages basically of the collections that are remaining?

N. EMBERLEY: (Inaudible) there are a couple that we had to dig into a little bit further but probably 40 per cent, approximately.

CHAIR: Okay.

In Recommendation 6, IET and TCAR that future grants and programs have appropriate policies and procedures designed and implemented. Are the policies and procedures of the audit being implemented?

N. EMBERLEY: Yes.

J. COWAN: Yes, absolutely. We're working on those policies and procedures. Some of them have been implemented, some will be implemented, but we are working on those.

CHAIR: Okay. That's it for my questions.

Do you have a couple more questions?

S. GAMBIN-WALSH: Yeah, I have one final question and you've already somewhat answered it in different ways, but just going to get clarity.

The approval process for a grant application – so a smaller amount of money and there are grant applications for them; probably you might have multiple people competing, tons of people applying for the same money. What is the approval process for a grant? How is it actually done, carried out?

We, as MHAs, often send people to your website who are looking for funding, but smaller amounts of money, and again there is a lot of competition for this money. So how do you determine who is a successful applicant? What's the actual approval process for that grant application?

K. YAUDEN: It is a little, tiny bit different depending on what program it is. I will generally say, for as long as I've been with the department, for 17 years, and we've continuously – what we're trying to do is we're trying to create economic value for the province and generally (inaudible) that looks at any industries that bring wealth into the province. Whether it be the tourism industry or others like that, or people that are selling their wares internationally. That's a very simplified way of saying that's our client focus.

I think COVID brought a whole new realm; there was an incredible need and response, which you, as MHAs, probably heard loud and clear from many of the businesses, they were in a very tough spot. So we delivered programs to clients. That 8,500 applications were done across the province to several service-based industries and so forth. That was generally done in very special pandemic times and so forth.

By and large, for the process for an application, an evaluation, usually they're assigned an EDO and the EDO reviews it based on the program criteria. Whether it be something like a Green Transition Fund or the Research and Innovation Fund or whether it be a commercial or non-commercial asset, they do an evaluation of that.

They complete a presentation for funding analysis, forward it to managers and directors for review. That then, depending upon the approval structure, if it is over our director level, it goes to the management committee who reviews the file. The officer comes in and present to members of that management committee. There is a minute,

there is a recommendation, and then that goes back to the officer and the client is notified of success or decline.

We've continuously worked through that process, and it hasn't changed a lot in terms of that approval structure, but it's varied over the years. I think, for the most part, those are the areas that we're trying to focus in on, and there are certain sectors we stay away from, like retail, wholesale, trade and so forth.

That's just generally the process. But generally, as a first step, contact an economic development officer, which we have throughout the province.

S. GAMBIN-WALSH: Okay, perfect.

Thank you very much. That's all I have.

J. BROWN: Just to follow up on Recommendation 6: The Department of Industry, Energy and Technology and the Department of Tourism, Culture, Arts and Recreation should ensure that any future grant programs have appropriate policies and procedures designed and implemented which would address the issues identified in the audit.

One of my questions here is, has the department provided the board of directors with the action plan that was outlined in the status update that was sent to it? Has that been given to the board of directors for approval?

T. PARSONS: Yes, they have. They received an overview after the audit report was received. They also received an update when the action plan was drafted before it was submitted.

J. BROWN: Excellent, thank you.

So now going forward, are all grant and loan programs going to have to follow the recommendations made out by the Auditor General?

J. COWAN: Yes.

J. BROWN: Okay, perfect.

Thank you, that's my final question for that.

J. WALL: Thank you, Chair.

I just have a couple more questions. I want to refer to Recommendation 3 with respect to policies and procedures for loans and investments for monitoring, collections, debtor management and restrictions based on bad debt.

I'm just wondering, because it was mentioned earlier, about potential overpayments. Has the department's monitoring of account status reports resulted in the detection of any issues in that particular area to catch these overpayments?

T. PARSONS: Yes. So loans would be different than grants, of course, and loans would be for very specific reasons that tend to be tangible items, unless it would be working capital. Then it would be just money going into the company.

We're not familiar or aware of any overpayments, per se, related to those specific loans. The only overpayments that were identified by the Auditor General's report, and of course any internal audits that we do, was specifically related to the COVID programming.

J. WALL: Okay. Thank you, Ms. Parsons.

With respect to the department addressing the concerns that were outlined by the Office of the AG – and it's in three parts – so the first one is the confirmation of the eligibility of applicants prior to approval. Any concerns there moving forward?

WITNESS: (Inaudible.)

J. WALL: No.

With respect to obtaining and retaining collateral documentation, such as insurance coverage on pledged assets, that was also outlined by the AG. Any issue moving forward with that one as well?

J. COWAN: No, we would anticipate doing that.

J. WALL: Okay, thank you.

The last one, the restriction of applicants who receive a write-off in replying for new funding from IBIC; any issue there?

None, okay.

That's everything for me, Mr. Chair. Thank you very much and thank you to all of you for the answers to that. I appreciate it.

CHAIR: Okay, thank you.

One more final question, I guess. Earlier you said that you see no issues with the level of delegation made by IBIC to the IET officials, but the audit identified numerous issues with processes, money given without appropriate checks and write-offs.

What indicators do you have that the board gives effective oversight of those transactions?

J. COWAN: I think your first question, it seems like you were talking about in terms of the \$150,000, that level, there's delegated authority to officials within the department.

CHAIR: Could have been that amount, but I did pick up on it, you said that –

J. COWAN: I did indicate that there hadn't been any – I have never been questioned by anyone or received a complaint with respect to the delegated authority for that amount. But what I had indicate was that if there were questions or concerns, it was certainly something that we would be happy to revisit or discuss.

CHAIR: Okay. That will conclude the questions. I don't know if the panel has any more questions down the line here?

No, we're good.

Okay, with that, I'll ask the deputy minister for some closing remarks on the matter.

J. COWAN: Thank you.

Just some brief remarks to say thank you to the Public Accounts Committee for bringing myself and the officials over to discuss the Office of the Auditor General's report on IBIC. We are committed to implementing the Auditor General's recommendations. We are committed to really serving the people of the Province of Newfoundland and Labrador, ensuring that we deliver effective and efficient programs.

Again, thank you.

CHAIR: Okay, thank you.

I'll ask the Auditor General for closing remarks.

D. HANRAHAN: I'm good, thank you.

CHAIR: Okay, thank you.

Thanks to the officials of the Department of Industry, Energy and Technology for their attendance today. That will conclude the questioning on that one.

The Committee adjourned.