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# Audits of Departmental Operations

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# Audits Of Departmental Operations

## Introduction

2.1 This section of our Report includes the results of our value-for-money audit projects. In prior years our Report contained a separate section for these broad scope type audits. The change is primarily to group all our comments relating to a department in one part of the Report for easy reference.

2.2 Departments included in our broad scope work this year were the Department of Advanced Education and Labour and the Department of Justice. Follow-up comments on prior years' work in the Departments of the Environment, Transportation and Natural Resources and Energy are also provided.

2.3 This section also includes comments on the financial audit work carried out in departments during the year. This work is necessary for us to reach an opinion on the financial statements of the Province. However, much of this work does not reveal any matters of significance which require comment in our Report.

2.4 In addition, in this section we provide comments arising out of our ongoing work to track departments' and agencies' compliance with the government's Annual Report Policy.

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## Self-Assessment of Annual Reports

2.5 Our 1994 Report included a section on accountability and performance reporting in which we discussed compliance with the government's Annual Report Policy. We looked at the policy requirements and compared these requirements to the reports of government departments and Crown agencies. In other words, we asked, what does the policy call for and is it easily identifiable in the reports? The review was not designed to rate the quality of the information; just whether or not the information required was presented.

2.6 We believe it is important to continue emphasizing this policy. It is a key part of a focus on accountability. The policy states "the annual report is to be the major accountability document by departments and agencies for the Legislative Assembly and the public."

2.7 This year, however, we took a different approach to reviewing annual reports. In May 1995, we wrote to deputy ministers of sixteen government departments and the heads of seventeen Crown agencies. We asked them to do a self-assessment on their 1994 and 1995 annual reports. At the time of our request, we realized that most 1995 reports were probably at a draft stage, but we asked the respondents to feel free to comment on the drafts. We thought this might help focus attention on important reporting issues at a time when the reports could still be changed.

2.8 To assist the respondents in their review, we prepared a checklist-style form based on the requirements of the policy. The requirements of the policy can be summarized as follows:

- was a report prepared?
- are the goals/objectives of the organization stated?
- are performance indicators presented?
- does the report discuss achievement of plans?
- is there discussion of program relevance?
- are details available on level of client acceptance?
- is actual and budget financial information presented?
- does the report explain variances from budget? and
- was the report tabled with the clerk of the Legislative Assembly by 1 November?

2.9 We are pleased to report that everyone responded to this letter. In general, we think it is fair to say that organizations are beginning to move on this policy. Because compliance with the policy is still at a developmental stage, we did not attempt to audit or challenge the self-assessments. We believed the main benefit for this year was to focus attention on this important policy.

2.10 It was very interesting for us to see the results of the self-assessment. They are summarized by category below.

Was a report prepared?

2.11 All departments prepared an annual report for 1993-94 and all indicated that a report was in progress for 1994-95. In general this was also true of Crown agencies. One notable exception was Algonquin Properties Limited (APL). The Deputy Minister responsible for this corporation responded "APL, as a company reporting to its shareholders, would not fall under" the provisions of the policy. This may be technically correct as APL is not included in the list of organizations considered as Part I, II, III or IV of the Public Service Labour Relations Act. Yet in all

other respects APL is a Crown corporation. Perhaps the policy needs to be revisited to determine if APL falls under the intent of the guidelines.

Are the goals/objectives of the organization stated?

2.12 Almost all departments responded that goals and objectives were stated in their 1993-94 reports. Further, they intend to continue reporting goals and objectives in their 1994-95 reports. Most Crown agencies had similar responses. The one exception was Provincial Holdings Ltd.

Are performance indicators presented?

2.13 Seven departments stated their 1993-94 reports had performance indicators. Four others felt their reports partially met this criterion. One other department stated it would start reporting performance indicators in its 1994-95 report. Another saw improvements in this area for its 1995-96 report.

2.14 Five Crown agencies said their 1993-94 reports contained performance indicators. Three others said their reports did contain indicators to some extent. Four Crown agencies expected improvements in this area in their 1994-95 reports.

2.15 We received an especially interesting comment from the Department of Fisheries and Aquaculture which points out the difficulties sometimes involved in developing performance indicators:

Key indicators such as industry statistics are often times unavailable since this may involve a lengthy data collection process. Furthermore, much of our actions, particularly in industry development, do not reflect positive results for many years. It took several years of development efforts in the salmon aquaculture sector before we could see the actual results of our initiatives.

Does the report discuss achievement of plans?

2.16 Fifteen of the sixteen departments felt their reports discussed achievement of plans, at least in part. Nine Crowns stated that their 1993-94 annual reports discussed achievement of plans. Three others expect improvements in their 1994-95 reports.

Is there discussion of program relevance?

2.17 Six departments stated that the 1993-94 annual report discussed program relevance. Two others stated program relevance was addressed partially or in some cases. Another department plans to add discussion of program relevance to its 1994-95 report. Ten Crowns had some discussion of program relevance in their 1993-94 reports.

2.18 We received several interesting comments on program relevance. The New Brunswick Municipal Finance Corporation stated the reporting on program relevance is not necessary in its situation. Another respondent reported:

It is my sincere opinion that program relevance should not be discussed as an issue in the annual report. Discussing the merits or faults of each program or service offered would be like second guessing the decisions taken by government. Once decisions are made by government to eliminate programs no longer relevant, or to implement new programs this information could be part of the annual report, along with information on the process used to determine why such a change was necessary.

2.19 Program relevance was discussed in depth by the Department of the Environment. With regard to air and water quality regulatory programs, the Department stated:

We have traditionally assumed that the relevance of such requirements was subject to extensive public and legislative debate when the statutes were initially passed, and as a result, presenting rationales for their application in an annual report is no longer required.

Are details available on level of client acceptance?

2.20 Most departments and agencies determined that their reports did not discuss client acceptance. Only four departments and three agencies believed their 1993-94 reports complied with this requirement. A number of others saw some limited compliance. One department and one agency expect to begin reporting on this area in 1994-95.

2.21 Two respondents do not see a requirement to disclose client acceptance as their clients are internal; that is, other government departments and agencies. One department noted that client acceptance is difficult to measure where the department is rejecting a high percentage of applications for government assistance. Another stated that apart from subjective assessments by staff, it is not possible to generate hard data in response to this question. The respondent concluded by stating "in the absence of polling or survey data, we are not clear on how we could provide a substantive response to the question posed on the checklist form."



Is actual and budget financial information presented?

2.22 Fourteen of sixteen departments presented budget versus actual financial information. Another intends to begin this reporting in its 1994-95 report. Only six Crown agencies reviewed presented budget versus actual financial information. Many more presented a financial statement without the budget figures. One respondent questioned whether it was necessary for Crown agencies to disclose budget information.

Does the report explain variances from budget?

2.23 Ten departments replied that they included narratives explaining variances from budget in the 1993-94 reports. Four other departments intend to include this information in 1994-95 and another expects to do this for the 1995-96 annual report. Only four Crown agencies reported compliance with this requirement in 1993-94. Two others intend to begin this discussion in their 1994-95 reports.

Was the report tabled with the Clerk by 1 November?

2.24 The Department of Health and Community Services was the sole department to meet the deadline, tabling its report on 31 October 1994. Another tabled its report on 2 November. One department stated in its response that it had tabled its report on time but records in the Clerk's Office indicated that the report was tabled on 6 December. Three Crown corporations delivered their 1993-94 reports on time. A number of departments and agencies intend to meet the 1 November deadline with their 1994-95 reports. One Crown agency (the Premier's Council on the Status of Disabled Persons) does not appear to have tabled a report at the Clerk's Office since 1991-92.

Our Observations from Reading the Self-Assessments

2.25 Departments and agencies see themselves as moving towards compliance with the policy. They reported compliance in a large number of areas this year. And some respondents noted an intent to improve compliance in 1994-95 and beyond.

2.26 We are pleased to see this interest in compliance. We believe that it would be useful for the departments and agencies to discuss their compliance with the policy in a section of their annual reports. A department or agency could place a chart near the front of the report listing each of the aspects of the policy. In a second column the chart could show where in the report each element of the policy was complied with. For instance, in response to the requirement to state goals and objectives, the chart could refer the reader to such things as excerpts from the strategic plan or an overview message from the deputy minister. Regarding budget and actual financial information, the chart could refer the reader to the financial statements contained elsewhere in the report.

Recommendation

2.27 We recommend that the annual report policy be revised to include direction that each annual report should include a section showing how the report complies with the policy.

Additional work remains to be done

2.28 In the self-assessment process referred to in the commentary above, two respondents raised important questions about program relevance. Other questions arose concerning performance indicators, achievement of plans and comparison of actual financial results to budget.

2.29 With reference to one aspect of the policy, one agency commented the “difficulty resides in the lack of ongoing monitoring and outcome measures. [It] will take a major investment in such a system to be able to report valid and reliable information.” This could probably be said about several aspects of the policy. A deputy minister stated “I will conclude by indicating that the government policy on the preparation and publication of annual reports is very general and subject to interpretation.”

2.30 These comments, and the concerns they arise from, will need to be considered as compliance with the policy becomes more developed. These comments point out the need and the importance of additional guidance. As we stated last year, perhaps what is needed is a model against which the other reports could be compared.

2.31 The government appears to be moving in this direction. The government’s platform document, *Moving Ahead Together*, made the commitment to:

Ask all departments and agencies to establish public benchmarks and other measurements to assess the performance and impact of the programs they administer. These will be tabled in the Legislative Assembly each spring, establishing clear accountability for the success and quality of our service delivery.

2.32 A recent memo from the Executive Council Office to all deputy ministers discusses this commitment for enhanced performance reporting. It states:

Departments will be asked to prepare performance measurement indicators based on program outcomes, which will be considered as part of the 1996-97 departmental budget submissions. Performance measurement indicators should be

developed for high priority existing programs and new government program commitments as contained in Moving Ahead Together. Approved performance measurement indicators will be shown in the 1996-97 Main Estimates and accountability will be reported annually in the Legislature and through the Public Accounts/Annual Reports process.

2.33 We believe this is an important step forward. Linking performance indicators to the budget process is a very significant improvement. It is consistent with the process employed in Australia and New Zealand, two jurisdictions considered to be on the leading edge of government performance indicators.

2.34 We recognize, as the Executive Council document states, "that the development of indicators and targets will take some time to fully mature." Nevertheless, by linking the budget approval process to reporting of performance indicators, we believe the government has laid the groundwork for major improvements in the accountability process.

Is there A Need For  
Government-Wide  
Indicators?

2.35 One of the respondents to the self-assessment wondered if there was a need to develop government-wide indicators. The respondent asked if more general benchmarks should be used across government to provide performance measurement as opposed to a collection of customised departmental benchmarks. It is true that while individual departmental performance reporting is helpful, it does not necessarily reflect general performance across government. We would certainly be in favour of the government producing some overall accountability document that would track key economic, social and other indicators.

2.36 Actually, our 1994 Report did make reference to a more comprehensive report for the economic sectors of government. Paragraph 1.37 of the 1994 Report stated:

Would it be more informative and accountable if the economic initiatives of government were summarized in one report? This report might include the Department of Economic Development and Tourism, Provincial Holdings Ltd. and the Regional Development Corporation, along with economic development activities of the Department of Agriculture and the Department of Fisheries and Aquaculture. The financial data

could be consolidated at the front of the report and their programs and initiatives presented to reflect the whole economic activity in one report.

2.37 Other jurisdictions are experimenting with government-wide performance measures. A prominent Canadian example is the First Annual Report by the Government of Alberta. This report, released on 23 June 1995, establishes 22 core measures for three core government “businesses” - People, Prosperity and Preservation. The Auditor General of Alberta provided an audit report on the results of applying specified auditing procedures to these core performance measures. The audit function adds to the credibility of the results.

2.38 We encourage the government of New Brunswick to experiment with government-wide performance measurement. As part of this important process, the government may wish to consider using legislative support. These performance measures can help all citizens focus on those areas where it is critical to improve performance.

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Department of  
Advanced Education  
and Labour

Scope of Our Work

2.39 Our audit focused on the regular training programs offered at the nine college campuses and the impact of distance education technology on them. We also included a review of the Department’s role in relation to private training organizations operating in New Brunswick.

2.40 Our work included interviews with principals, staff and students at all campuses. As well several private trainers were interviewed about the role of the Department in administering the Trade Schools Act.

Audit Objectives

2.41 Our objectives were to ensure regular full time training programs offered by the campuses are delivered economically and efficiently and that systems are in place to report on the effectiveness of programs. We also wanted to ensure distance education technologies are being effectively integrated into the college delivery system. Distance education is no longer limited to correspondence courses. It now connects teachers with learners through technologies which convey course content and allow for interaction in new ways. This technology includes audio-visual and audio-graphic networks, direct linkages with telephone and cable networks, and the Internet.

2.42 A separate objective was established which related to the administration of the Trade Schools Act. We wanted to determine if the Department of Advanced Education and Labour is enforcing its responsibility under the Trade Schools Act in an efficient and effective manner; also to determine whether the mandate of the Department regarding private training institution reflects the needs of the stakeholders.

#### Audit Criteria

2.43 For each of our audit objectives we developed audit criteria to be used to focus our audit work. Audit criteria are defined as:

“reasonable and attainable standards of performance and control against which the adequacy of systems and practices and the extent of value for money can be assessed. Reasonable and attainable criteria are those that management can be realistically expected to meet.”

2.44 The issues discussed in this report flow from our criteria assessment and are discussed under the following five topics:

- (1) Strategic Direction
- (2) Stakeholder Needs
- (3) Distance Education
- (4) Private Trainers, and
- (5) Performance Reporting

#### Results in Brief

2.45 A corporate level strategic plan had just been completed at the time of our audit. Individual campus plans need to be developed and linked to the corporate plan.

2.46 The current system cannot accommodate all those who want to participate in regular college training programs.

2.47 Opportunities exist to improve access to community college programs by using distance education technologies. The cost, however, will be a major concern for the Department in its efforts to integrate more distance instruction into its course offerings. As well opportunities exist to enhance the service provided to learners through better coordination with private trainers.

2.48 The Department is reviewing its regulatory role in relation to private training. The Department's responsibility for ensuring quality of courses delivered by private trainers needs to be clarified.

2.49 The Department needs to develop a system to measure and report on the effectiveness of the community college programs (benchmarks).

## Background

2.50 The Department of Advanced Education and Labour offers approximately 120 regular training programs through nine community college campuses. Most programs take one or two years to complete. In addition to the regular courses offered by the campuses, it also provides apprenticeship training, correspondence courses, night school and customized training to meet a specific need of a company or group.

2.51 Table 1, which we have adapted from the 1993/94 Annual Report of the Department, shows enrolment in the regular programs. Table 2 shows the total enrolment on each of the nine campuses.

| Table 1  |                |                |                |
|--|----------------|----------------|----------------|
| COMMUNITY COLLEGE REGULAR PROGRAM ENROLMENTS<br>(FULL-TIME)* |                |                |                |
|  | <u>1991-92</u> | <u>1992-93</u> | <u>1993-94</u> |
| Academic upgrading   | 1,289          | 1,332          | 1,341          |
| Pre-employment   | 2,262          | 2,113          | 2,261          |
| Second Language  | 160            | 159            | 266            |
| Technology   | 1,750          | 1,876          | 2,050          |
| Technical  | 474            | 505            | 490            |
| Upgrading  | 75             | 66             | 65             |
| <b>TOTALS</b>  | <b>6,010</b>   | <b>6,051</b>   | <b>6,473</b>   |

| Table 2                                       |                |                |                |
|---|----------------|----------------|----------------|
| COMMUNITY COLLEGE TOTAL FULL-TIME ENROLMENTS* |                |                |                |
|   | <u>1991-92</u> | <u>1992-93</u> | <u>1993-94</u> |
| Bathurst                                      | 2,527          | 2,745          | 2,661          |
| Campbellton                                   | 887            | 967            | 1,063          |
| Dieppe  | 925            | 856            | 814            |
| Edmundston                                    | 882            | 942            | 1,095          |
| Miramichi                                     | 1,814          | 1,751          | 2,044          |
| Moncton                                       | 3,576          | 2,797          | 2,933          |
| Saint John                                    | 3,513          | 3,172          | 3,017          |
| St. Andrews                                   | 783            | 825            | 737            |
| Woodstock                                     | 1,547          | 1,240          | 1,309          |
| <b>TOTALS</b>                                 | <b>16,454</b>  | <b>15,295</b>  | <b>15,673</b>  |

\* Enrolments are counted as full-time if students are under instruction 6 or more hours per day, 5 days per week, regardless of course duration. The first of the two preceding tables shows regular program enrolments. Generally speaking, these are enrolments in programs that operate throughout the college year and are listed in the New Brunswick Community College Calendar. The second table includes regular training plus contract and apprenticeship training.

## Strategic Direction

2.52 The Department is developing an integrated strategic plan. The Department has completed the plan at the Corporate level. It identifies five key result areas and a number of five year goals associated with each area. These goals, along with the overall mission, operating principles and values should provide renewed focus and direction to the community college campuses.

2.53 At the campus level, the strategic planning process has been going on in parallel with the head office initiatives. At the time of our review, some of the campus plans were still being developed while others were substantially complete.

2.54 For those plans that are complete, in general, the objectives are well defined and measurable. However, they often have an emphasis or focus which is specific to the campus and are not aimed at measuring general performance standards. We were advised, however, that a committee has been established to identify some of these common performance standards (benchmarks).

2.55 According to a recent study, Distance Education in Ontario: Planning growth in the '90s', strategic planning has played a significant role for institutions that have made headway in the development and growth of distance learning services. The authors explain that colleges tend to experiment with distance education on a small scale in order to gain experience and know-how. They point out that any serious commitment to developing distance education as a viable form of course delivery cannot be undertaken on a piecemeal basis. An overall institutional plan is needed.

2.56 The corporate level strategic plan for the Department was completed in February 1995. The plan alludes to the Department's distance education initiative in various statements. The following highlights from the corporate plan demonstrate this.

2.57 The Department's operating principles include a focus on meeting clients' needs in a timely and responsive manner, and encouraging a learning environment that fosters partnerships, innovation and inclusiveness.

2.58 The corporate values include embracing change and encouraging the creative integration of technology to improve the quality of work and services.



2.59 Key result areas for the Department include self-sufficiency through life long learning, and flexible, innovative and quality products and services.

2.60 The corporate goals include increasing the availability of quality, cost-effective learning opportunities for New Brunswickers, and becoming world class leaders in providing educational products and services.

2.61 Overall, we believe that the corporate level strategic plan acknowledges the attributes reflective of a technologically innovative distance education program. However, specific actions to be taken to ensure successful integration of distance learning at the campus level are not clear from the strategic document.

2.62 Our discussions with the Department indicate that the campuses have not been assigned distance education delivery goals. Rather than setting what may be unattainable goals, the Department has encouraged the campuses to set their own pace in the initial stages of development.

2.63 At the time of this report, many of the campuses were in the process of developing individual strategic plans. Our interviews indicated that the campuses will integrate their goals for distance education into their strategic plans.

Findings and  
Recommendation

2.64 The strategic plan of the Department should provide focus and direction to the community college system. Campus plans need to be developed to support the corporate level priorities.

2.65 We recommend the Department ensure that the mission, operating principles and values identified in the corporate strategic plan are effectively integrated into campus plans.

Stakeholder Needs

Access to College Courses

2.66 In January 1994, the Labour Market Analysis Branch of the Department completed an internal study entitled Applications/The Demand for Seats (in the community college system). The study analyzed the demand for seats and examined the capacity available. The seats available were divided into first and second year and between sponsored and non-sponsored. A sponsored seat is one where the tuition and books are provided by the sponsoring agency (eg. NB Works).

## Allocating Scarce Resources

2.67 In 1992-93 there were 3,772 first year non-sponsored seats available. There were 9,874 applicants for these positions or 2.6 applicants for each available seat. This means that the needs of 6,102 or almost 62% of the applicants could not be met.

2.68 The Department places a strong emphasis on the success rates of graduates in finding full-time employment. This emphasis is a disincentive for the college to train additional students when there are no jobs available. One might be led to the conclusion that there is more emphasis on achieving a good employment rate than providing training opportunities for all who wish it and are qualified to take it. The first operating principle in the departmental strategic plan says "we will focus upon meeting the client's needs in a timely and responsive manner".

2.69 However, the campus facilities are full and resources are stretched. Decisions on how to prioritize programs in order to make changes must be made in an orderly and rational fashion. In 1994 the Department carried out an extensive internal analysis of program performance using a set of five specific performance indicators. Where programs failed to meet minimum standards in one or more of these indicators, a further, five-year, analysis was carried out on these programs. This methodology was used to identify courses for elimination and help to balance the conflicting goals discussed above.

2.70 Each year there are many potential students who are turned away by the community college. To construct additional physical facilities may not be economically viable given the high capital costs and limited tuition funds that are generated. However, there may be other options available. Distance education using various audio and video technologies will provide improved accessibility. At present the campuses are experimenting with a variety of distance delivery methodologies.

2.71 Contracts with private training organizations or other forms of public/private partnering may provide some additional training capacity. In terms of alternative physical facilities, the campuses are already using some former secondary schools and other government-owned buildings in various communities to provide off-campus instruction.

2.72 The continued climate of economic restraint in New Brunswick limits the funds that are available through the regular budget system. The Excellence in Education report noted that

tuition fees are low and could be raised. They recommended “that a more realistic tuition fee policy be developed for college programs and that any additional revenue generated by higher tuition fees be used to create additional training capacity to improve accessibility.”

## Future Enrolments

2.73 In the Department’s January 1994 analysis a recommendation was made suggesting the development of a comprehensive model to allow for long-term projections of training needs or demand for courses by students.

2.74 In their analysis, an attempt was made to project the short and medium term demand for seats. It suggests that, because of declining student populations, demand from recent high school graduates should decrease gradually over the next five years. This may not be the case, however, as the Excellence in Education report pointed out. It indicated that the percentage of high school students continuing their education through the community college is well below the national average rate. The report recommended that the government explore alternative delivery methods and suggested the following areas as a starting point:

- Distance education and other learning technologies;
- Year-round operation;
- Expanded cooperative education;
- Variable training duration;
- More career-related programming in night school;
- Access for part-time students to regular college programs.

2.75 Currently, high school graduates have to compete for seats with persons from the labour force who are looking to the college to upgrade their skills. Efforts to improve New Brunswick’s participation rate could place increasing demands on the community college.

## Distance Education

### Potential to improve access

2.76 The Department recently established a permanent provincial Distance Education Training Committee. Its mandate is to become the Department’s recognized body of expertise for distance education. It will advise senior management on a regular basis by reviewing progress on new developments in operations, methodology and program delivery issues. In April 1995, the Distance Education Training Committee held its first meeting. Committee members include department directors, campus technology directors, principals and instructors.

2.77 At the time of our audit the committee was developing a detailed action plan for distance education which was to be presented to senior management for final approval. The plan will include an examination of the physical, instructional and financial resources required to carry out the Department's distance education mandate.

2.78 A key initiative that will significantly impact the Department is the implementation of the "virtual campus".

#### Virtual campus concept

2.79 The development of a virtual campus is viewed by the Department as a means of becoming "the" leader in distance education, both nationally and internationally.

2.80 The vision for a virtual campus is described in literature obtained from TeleEd NB as a network of campuses having their own electronic support branches. Campuses will be able to access programs nationally and internationally through the Internet. This network will provide a support mechanism for life-long learning best suited to the individual student. Students will be able to follow a portion of their studies by accessing credit courses through a variety of institutions linked to the network.

2.81 Preliminary discussions among members of the Distance Education Training Committee speculate that the cost of full implementation of a virtual campus may represent a significant percentage of the Department's budget. Therefore the building of a virtual campus is to take place on a program-by-program basis. The Department will consider the costs and potential for export associated with establishing a virtual campus at each step in this process and will proceed accordingly. The costs associated with the full integration of a virtual campus will need to be incorporated into the long-term planning for distance education.

#### Excellence in Education Recommendations

2.82 The Excellence in Education report stated that distance education has the potential to make a significant contribution to education in the province. The report addressed the need to realize 'access' goals for all citizens to post-secondary education. It also stated that New Brunswick has the potential to be a centre of excellence in the development of telecommunication and learning-technology training products and services.

2.83 Two key recommendations made by the Excellence in Education report were:

”Avoid duplication and optimize the use of resources in the implementation of the Distance Education and Training Network. The use of learning technologies for educational and training purposes should be undertaken in partnership with the current research network (NB\*Net) and the courseware and telecommunication industries of the province;”

“Explore with the federal government and New Brunswick’s learning technologies and telecommunications industries the development of a learning-technologies industry for domestic and export purposes.”

2.84 In its response, the Province indicated a commitment to the long-term development of the distance education network. More recently, the Department’s Distance Education Training Committee stated that it will establish a clear set of guidelines and a strategic plan for the continued development of distance education.

Findings and  
Recommendation

2.85 Distance education technologies have the potential to improve access to training for New Brunswickers. The Department has a significant challenge in terms of funding the initiative and determining the extent to which individual campuses can participate.

2.86 We recommend that the Department ensure all campuses set reasonable implementation goals for integrating distance education technologies into their programs.

Private Trainers

2.87 The Minister of Advanced Education and Labour is responsible for the Trade Schools Act. This Act regulates the private sector training industry in New Brunswick.

2.88 Private training institutions have been regulated under the Act since 1969. Organizations delivering training in vocations specified in the schedule to the Regulations are required to

register with the Department. The major course topics listed in the schedule include vocations in artistry, health, business and technology.

2.89 Registration requirements include the annual filing of information regarding courses offered, instructors, advertisements used, individuals who solicit enrolment and certain financial details of the operation.

2.90 The registration process ensures that the Department can access enough funds in order to refund tuition to students if a program is not delivered to completion. The main form of protection is through the retention of adequate bonding by the operators of the institutions. To date, New Brunswick has limited its regulating function to the protection of the financial investment of students.

2.91 The Act and Regulations give broad powers of intervention to the Minister regarding private training through verification and monitoring activities. However, the function of monitoring the operators for compliance with their registration information has not been a priority of the Department.

2.92 The number of private training institutions registered under the Trade Schools Act has doubled since 1991. There are approximately one hundred training institutions currently registered under the Act. The increase reflects a rising demand for the post-secondary education provided by private trainers.

2.93 The concerns of the operators of registered private institutions are becoming evident by the increase in organizations representing the interests of the private training industry. Examples are the New Brunswick Association of Career Colleges (NBACC) and the New Brunswick Training Industry Inc. Operators are concerned about protecting their investment in the industry, as well as that of the consumer. Setting standards for quality is a predominant concern of many operators and has been identified by the Department in various discussion papers. Operators want to ensure that the private sector remains a key player in the Province's training industry.

2.94 The private training industry has also caught the attention of the public. Part of this interest was sparked by publicity surrounding the Department's revoking the license of a registered trade school. The public's perception appears to be that

the Department, in some way, plays an accreditation or quality control role by virtue of registering these institutions. The reality is that there are no provincial accreditation standards for the training industry. The Department acts primarily as a registrar for identification purposes.

2.95 The views of operators have been presented to the Department through various consultations. The Excellence in Education report gave specific recommendations to the Department regarding private training institutions. A provincial task group on accreditation and certification submitted a report early in 1994 following the Excellence report. Consultations followed with the New Brunswick Association of Career Colleges and the New Brunswick Labour Force Development Board. The Department also studied the legislation and registration packages from other provinces.

2.96 We identified some areas which need action from our review of these studies and from interviews with approximately 10% of the private trainers in the Province. The views of the operators are discussed below.

Some areas of Trade  
Schools Act need attention

2.97 Several operators believe there are many trainers not registered under the Act. Their view is that the Department has not taken a strong enough role in ensuring that all private training institutions are registered.

2.98 Most operators feel that amending the Act to enforce minimum registration standards would add purpose to the registration information and would improve the quality of the private training industry. This would lead to better protection of the consumer.

2.99 Examples were provided by members of NBACC regarding the setting of minimum standards. Some feel that instructors should have a minimum of five years of experience in subject material, textbooks from Canadian publishers should be mandatory, course outlines should be available and reasonable job placement support should be provided.

2.100 Many of the stakeholders participating in the Department's consultation process, and in our interviews, feel that all training programs should be registered. They stated this requirement should include everything from academic upgrading to entrepreneurship and it should be applied to reputable career

colleges as well as to one-day workshops offered by out-of-province trainers.

2.101 In New Brunswick, operators are required to register trade-related courses. We were told by departmental management that trade-related courses means any course that is capable of giving or enhancing employment. The schedule to the regulations identifies courses to be registered in specific fields of artistry, health, business and technology. The schedule also includes specific programs in fields such as hospitality and driver training.

2.102 The Trade Schools Act in New Brunswick lists the institutions excluded from the definition of a trade school. At the same time, it provides a schedule of vocations to which the Act applies. The Regulations in New Brunswick were last consolidated in November of 1984.

#### Monitoring of private trainers

2.103 Many of the smaller-scale operators interviewed had the impression that the Department would be visiting their institution to verify their registration information at some point in time. This is not the case. Some operators are able to rely on their professional associations to monitor standards and quality among the institutions. However, most institutions do not have provincial governing bodies.

2.104 The Department's monitoring role has mainly been reactive in nature. Most complaints are dealt with on an ad hoc basis with the majority coming from students. In the case of clearly defined complaints, departmental staff (the Registrar) will assist in bringing the respective operator and student together to resolve the problem on their own. The Department does not purport to be an arbitrator.

2.105 If a complaint is not clearly defined, the Department has few resources at hand to resolve the matter. For example, a student may accuse a school of covering course material too quickly. The Department has no immediate process for verifying or resolving this type of complaint.

2.106 In some cases, operators will complain about other institutions. Complaints typically relate to issues of non-compliance with the intent of the Act and Regulations. In most instances, these complaints are not pursued. The Department requires the name of the complainant if the matter is to be



formally pursued to resolution. In many cases complaining operators are not willing to formally submit their name.

2.107 Operators were divided on the extent to which increased monitoring by the Department would improve quality. Some operators agreed that improved monitoring under the existing legislation would lead to the resolving of some quality issues. It would serve to hold private training institutions accountable and would provide a credible control system for the industry. Other operators suggest that increased monitoring is not necessary.

#### Accreditation for trainers

2.108 The Trade Schools Act does not set out an accreditation process for trainers. Some stakeholders feel that the legislation needs to address the assurance that registration is accompanied by a certain standard of integrity and educational competence. Given the options, private trainers we interviewed are generally in favour of mandatory registration and some form of voluntary accreditation.

2.109 We discussed the issue of accreditation standards with several operators in the province. They suggested that standards should apply to all courses in both the private and public training sectors, including federally-funded training programs. That is, deregulation of the post-secondary education system should require the community college to register and follow accreditation standards like all other institutions. Operators argue that otherwise, the training industry will not be on a level playing field.

2.110 The Department responded to a recommendation of the Excellence in Education report pertaining to private training institutions. The recommendation stated, in part, that “the issues of quality and standards of courses in private institutions be matters falling under the Act”. The Department agreed with this recommendation. In its response, the Department elaborated on its commitment to the provision of certification services and regulatory mechanisms for the accreditation of programs. These mechanisms would be based on clear criteria relating to standards of curriculum and would be subject to periodic audit.

2.111 Two years have elapsed since the departmental response to the Excellence Commission. Based on our observations, it appears that the Department’s commitment to quality assurance has yet to be fully addressed.

#### Regulating Private Sector Trainers

2.112 Operators of the business colleges, in particular, hold the opinion that the Department is in a conflict of interest by operating the community college system and regulating the registration process of the private training industry. Concern was expressed that the Trade Schools Act should not be the responsibility of the Department of Advanced Education and Labour given the competition that is alleged to exist between the community college system and the private sector. Following are comments we received relating to this issue.

2.113 Students attending private training in New Brunswick do not have access to provincial student loans. Operators feel that this status represents a legitimate wedge between the Department and the private training institutions. The Excellence in Education recommendation stated, "the government should consider the application of the New Brunswick Bursary Program to students in approved courses in private institutions." The Department responded that student aid will be provided on a "comparable" basis for students undertaking "comparable" training, with preference given to training that meets "skills shortages". It is our understanding that this has yet to be implemented.

2.114 There was concern expressed by some operators over the confidentiality of the registration records at the Department. We were told that these records are held securely with no access except by the Manager of Administration and his assistant. Nevertheless, by virtue of the Department's dual responsibilities, the operators have the perception that their registration files are accessible to a number of departmental staff. If the legislation addressed the issue of confidentiality of files, this might ease the operators' concerns in this area.

Cooperation required  
between Public and Private  
sector training

2.115 Operators feel that New Brunswick training institutions will not be able to compete internationally until the public and private training industries learn to co-exist within the province. They are of the opinion that the industry is fragmented by the community college system, and that public and private trainers compete for much of the same funding and markets.

2.116 The Department, in its response to the Excellence in Education report, committed itself to encourage an expanded partnership between the community college and the private training industry. This is to be based on "complementarity of roles", and the implementation of quality assurance to all

programs. This complementarity was identified through several specific actions.

2.117 Many operators suggest that the community college system should focus on its proven strengths. They cite programs requiring large capital investments, such as the trade/apprenticeship programs, as the college's strength. Private training institutions are not financially equipped to provide these programs. Members of the New Brunswick Association of Career Colleges believe they can offer many of the non-apprenticeship courses at a portion of the costs incurred by the community college at equally high standards.

2.118 The consensus is that there is a role for each sector in the training market. The conclusion from the consultation with stakeholders is that a cooperative approach would lead to more cost-effective and efficient programming, for the betterment of both the training industry and the public.

Finding and  
Recommendations

2.119 The role of the Department in ensuring a high level of private trainer quality has not been resolved. As well the registration requirement under the existing Trade Schools Act is not actively enforced.

2.120 We recommend that the Department

- implement procedures to ensure all private trainers that require registration under the Trade Schools Act are complying with the Legislation; and
- implement a process which will ensure a high quality of private training is maintained in New Brunswick.

Performance Reporting

General

2.121 The government's annual report policy provides the following objective for the annual report:

“The prime function of an annual report is to be the major accountability document by departments and agencies for the Legislative Assembly and the general public. It serves as the key public link between the objectives and plans of a government entity and the results obtained.”

2.122 With reference to content, the policy states that:

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

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

2.123 A key element in the accountability cycle is the public reporting of pre-established performance indicators and the measurement and reporting of actual results.

2.124 The Department of Advanced Education and Labour has developed a series of five performance indicators for the College which might be used to begin publicly reporting on its program performance. These indicators have been used by the Labour Market Analysis Branch of the Department to produce an analysis of existing programs for internal departmental use. The indicators developed to date are:

Enrolment/Capacity ratio;  
Successful Completion Rate;  
Program demand;  
Employment Rate; and  
Related Employment Rate.

Measuring the Impact of  
Distance Education

2.125 In a report produced by TeleEd NB, key success indicators for distance education were identified for the five year mandate. The organization measures its success by the expansion in the number of courses being offered, the enrolment in these courses, and the quality of the courses being offered. With respect to the number of courses offered, there were about thirty distance education courses offered through the community college

campuses at the time of our audit. This is an increase over the prior year.

2.126 With respect to assessing the increase in the number of students and communities enrolling in TeleEd courses, we are told that a database has been developed to analyze this information.

2.127 Goals regarding enrolment and number of courses offered are easily measurable. Measuring the quality of a course being offered is a more difficult task. In a report, TeleEd NB lists some of its quality successes as, the Miramichi campus' computer based training packages, the Moncton campus' AutoCAD through software sharing at multiple locations, the Edmundston campus' distance delivery of courses in hospitality, and a number of courses in the area of academic upgrading delivered by distance education through most campuses.

2.128 It appears that the criteria for quality in the above examples is based on the uniqueness of these courses. The management at TeleEd NB indicated some jurisdictions utilize testing centres and outcomes-based assessments to evaluate the quality of distance education courses offered by various institutions on the Internet. It is probable that a similar evaluation process will be required for courses delivered in New Brunswick, particularly as community college courses become available nationally and internationally.

2.129 Some thought has been given to what constitutes a successful result from the use of new distance education technologies. However, it is our understanding that the Department has not set standard requirements for measuring and reporting progress in distance education course delivery from the campuses. Our interviews indicate that some campuses feel the Department is missing an opportunity by not providing a development model for distance education at the campus level.

Finding and  
Recommendation

2.130 The Department is not yet fully complying with the government's administrative policy on annual reports. However, some useful indicators have been developed for internal use.

2.131 We recommend the Department ensure that benchmarks and performance indicators are established for all

key activities of the college system. The results should be reported publicly as part of the Department's Annual Report.

Departmental Response

2.132 This is to acknowledge receipt of the project reports on Community College Programs, Distance Education and Private Training Institutions prepared by your Office. I appreciate the effort put into these projects and the chance it gives us to have an arm's length look at our organization. We will examine the reports closely and will provide a more detailed response at a later date which will address the recommendations contained in these reports. In that response we plan to identify areas where we are taking or plan to take action.

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Department of the Environment

2.133 Our 1994 Report included a section on the operations of the Department of the Environment. The following is a brief update on some of the recommendations we made.

Analytical Services Laboratory

2.134 In our 1994 Report we reviewed the operations of the Department's Analytical Services Laboratory. The Lab is a modern \$3.7 million fully-accredited facility. Under direction from central government, the Lab is moving towards operating in a more businesslike manner. This process includes developing a business plan.

Self-sufficiency

2.135 We recommended that the Lab's business plan develop strategies for achieving self-sufficiency.

2.136 As part of the recommendation we suggested the plan deal with the conflict between the Lab's objectives of self-sufficiency and non-competition with private sector labs.

Business Plan Drafted

2.137 The Department agreed with this recommendation. During the year it hired a consultant to assist in the preparation of the business plan.

2.138 In keeping with the business plan, the Lab is aiming to create and expand new and existing markets. One initiative is to take on additional work from federal labs and the other Atlantic Provinces as part of the Federal-Provincial Harmonization agreement. The second strategy is to restructure prices for microbiological testing to a rate that is comparable with private labs.

## Cooperation With Other Jurisdictions

2.139 The issue of competing with the private sector may be difficult to resolve since it is a government policy not to compete with private labs. The only market area affected by this situation is the municipalities' portion of the Clean Water Act (CWA) testing. A proposal has been developed outlining the advantages of routing all CWA samples to the Lab.

2.140 We discussed the issue of CWA testing in some depth in our 1994 Report. As part of that Report, we outlined various advantages for routing all municipal CWA testing to the Lab.

2.141 Two of our recommendations last year dealt with cooperation with other jurisdictions.

2.142 We recommended the Department develop a formal agreement with the federal government concerning the sharing of analytical services. This would include provision for a disaster recovery plan.

2.143 We also recommended that as part of the business plan for the Lab, the Department include the option of contracting excess capacity at the Lab to other jurisdictions.

2.144 The Department agrees with both recommendations. As part of the federal-provincial harmonization talks, the parties have discussed the sharing of analytical services, including the sharing of personnel such as a Quality Control Officer. The issue of providing backup services for each other in the event of a disaster has also been discussed and strongly supported by all the participants.

2.145 The Lab has used the federal-provincial harmonization talks as an opportunity to attract business from the other Atlantic Provinces. As a result, the Lab now provides testing services for four different sampling programs with the Province of Newfoundland. Prince Edward Island and Nova Scotia have also been made aware of the Lab's capabilities and have expressed a willingness to utilise the Lab when adequate testing resources are not available within their own Provinces. The Department anticipates that the federal labs in Atlantic Canada will be subject to some reorganization. The Department intends to wait until the reorganization is complete before further discussions take place on the sharing of analytical services.

## Laboratory Information Management System

2.146 When we carried out our audit last year, the Lab was in the process of evaluating proposals for a Laboratory Information Management System (LIMS). We discussed with the Department the possibility of purchasing a LIMS directly from the Ontario Ministry of the Environment. The Department evaluated the Ontario LIMS option but rejected it for reasons of cost, complexity, and delivery schedules. The Department has chosen a LIMS system and is in the process of bringing the system on line. Completion date is expected to be 31 March 1996.

Beverage Containers  
Act

2.147 We made six recommendations in our 1994 Report relating to the administration of the Beverage Containers Act. At the time of our follow up in July 1995 little action had been taken on these recommendations.

Solid Waste  
Management Program

2.148 The two recommendations made in 1994 relating to the solid waste management program are in the process of being implemented. The recommendations had to do with legislative changes required to strengthen the accountability of Solid Waste Commissions and the development of a plan for the closure and remediation of dumpsites.

Clean Water Grants

2.149 We made four recommendations relating to the administration of the grants the Department provides to municipalities to improve their water and sewage systems.

2.150 The Department's response to our follow up inquiry indicated it has engaged a consultant to assist with the development of measurable goals and objectives for the program. The Department anticipates the work will allow it to lay out a comprehensive policy document with application forms, scoring systems and other program details, in time for the 1996-97 fiscal year.

Other Areas

2.151 The other areas covered in our 1994 review were the Environmental Trust Fund and various aspects of Sustainable Development. We will review the results of any action taken on our recommendations in these areas in 1996.

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Department of Finance  
Pension Plans

2.152 During the year, we completed our audits of provincially sponsored pension plans for the 1993-94 year. Each month the Pensions and Insured Benefits Branch prepares a letter requesting the custodian to withdraw the funds necessary to meet



the monthly disbursements of the School Boards Pension Plans. We noted two instances where the Branch withdrew large amounts from a pension fund's assets only to redeposit the same funds at a later date. This resulted in a loss of earnings to the fund for the time that the amounts were removed from the fund assets.

2.153 Withdrawal requests were made on 17 September and 24 November 1993 for refunds expected to be issued by the pension plan for Secretarial and Clerical Employees of New Brunswick School Boards. Amounts of \$154,260 and \$145,643 were received by the Branch. The Branch later discovered no refunds were required to be paid from the pension plan for the specified periods.

2.154 The unnecessary withdrawals were attributed to clerical error in preparing the requests. A cheque totaling \$299,903 was sent to the plan custodian on 21 March 1994 for redeposit with the assets of the pension plan.

2.155 The effect of these withdrawals and subsequent redeposit was the loss of investment income to the pension fund in an amount exceeding \$14,000.

2.156 The Department indicated it had put in place new procedures which would prevent a repeat of this type of error.

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Department Of Justice -  
Court Services Division

Introduction

Background to this Audit

2.157 The Court Services Division of the Department of Justice was on our regular audit schedule for the 1993 audit year. However, because the Division was heavily involved with implementing a major study on the quality of service, departmental officials asked that we delay our audit work.

2.158 In our 1993 Report we noted this change in our audit plan. We commented briefly on the Quality of Service Study and stated that a review of the recommendations from that study would be included in our future audit work. The results of our follow-up on the various Quality of Service Study recommendations are included in this report. We believe this will provide the Legislative Assembly with objective information on a major change initiative.

2.159 The review of the Quality of Service Study enables us to address the effectiveness reporting aspect of our mandate. This far reaching study is an example of how departments can implement procedures to measure and report on the effectiveness of programs. Since we are obligated to report where “procedures have not been established to measure and report on the effectiveness of programs where... the procedures could appropriately and reasonably be used,” we believe that it is important that we examine these sorts of studies which are designed to improve performance.

2.160 In addition to this review of the Quality of Service Study, we carried out audits on two major financial systems in the Department. One of these systems supports the program which enforces and collects family support orders and agreements. This program was changed significantly in 1992 and as a result many more orders and agreements are being processed. One reason for the change was to develop procedures to ensure that support is collected from those persons whose families receive financial assistance from the province. The success of efforts to collect on behalf of the province results in a reduction of public costs.

2.161 We also examined the system for the collection of fines, bail and restitution. We had not reviewed this system for approximately ten years. In our planning phase we noted that the accounts receivable for fines had been growing at an alarming rate. As well, the Department had been without an internal audit function for approximately ten years.

2.162 During our audit we also made enquiries about a major initiative which was just getting under way in the Department, the New Brunswick Integrated Justice project. We have included a brief discussion of this initiative in this section.

#### Objectives and Scope of Our Audit

2.163 We developed objectives and criteria for each of these three audit projects. We discussed our objectives and criteria with the Court Services Division prior to carrying out our detailed field work. Our audit work included:

- visits to all six regions of the Court Services Division
- interviews with members of the judiciary
- interviews with all six regional managers and regional staff
- interviews with Court Services Division central office staff

- discussions with staff in the Department of Human Resources Development, the Department of Transportation and the Department of the Solicitor General
- examination of various documentation and reports

## Results in Brief

2.164 The Department of Justice has embarked on a major business re-engineering process. The aim of this process is “to create a uniform, integrated operational framework for administering and delivering justice in the province” - New Brunswick Integrated Justice. Costs are projected at between \$8 million and \$45 million.

2.165 Responsibility for court security has not been clearly determined. This is a concern, particularly at Provincial Court.

2.166 The Department of Justice is in the process of dealing with an internal study on pre-trial delay. The study deals with the rather contentious issue of determining the proper forum for small claims adjudication. It also recommends consideration of a caseflow management system for New Brunswick and examination of the benefits of developing and implementing time standards for case disposition.

2.167 The Department needs to establish standard criteria for location and operation of Provincial satellite courts.

2.168 The computer system which accounts for family support orders creates significant duplication of work for court staff.

2.169 Financial controls over the processing of support order payments are weak.

2.170 The amount of unpaid fines doubled between 31 March 1992 (\$2.1 million) and 31 March 1995 (\$4.1 million). The warrant of committal is not being effectively utilized as a collection tool.

2.171 The current justice information system (JIS) is old, incomplete and somewhat limited. Revisions are difficult to make. The system does not meet the needs of users.

New Brunswick  
Integrated Justice  
Project

2.172 Just as in 1993 when we had first scheduled this audit, the Division appears to be undergoing major change. The Department of Justice, along with the Department of the Solicitor General, and their private sector partner, Andersen Consulting, are in the process of considering the business case for the New Brunswick Integrated Justice project (NBIJ). This major project has been discussed in the media. NBIJ aims “to create a uniform, integrated operational framework for administering and delivering justice in the province.” It is expected to change the way the two departments do business and use their resources. It will include business process re-engineering, supported by a plan for using technology to improve service delivery.

2.173 In the fall of 1994, when we started our audit work, the NBIJ project was in a very tentative stage. We believed it was important that we proceed with our work on the Quality of Service Study, family support orders, and the system for fines, bail and restitution. At the time of our audit we were not aware of any formal contract outlining the terms of the agreement with Andersen Consulting. We have not been informed of what areas will be covered by NBIJ.

NBIJ Represents Innovation  
in Procurement Process

2.174 This NBIJ proposal involves a new type of procurement process. We have discussed a similar project for the Department of Human Resources Development in Section One of this Report.

2.175 We are advised by the Department of Justice that no costs for Andersen Consulting have been incurred to this date. We have been informed that work will not commence on this initiative until a contract is signed.

2.176 Our understanding is that the NBIJ proposal is based on the premise that the costs of the project, including the technology solutions, will be financed by Andersen Consulting. Andersen Consulting will in turn be paid from the savings generated by the re-engineered business processes. No savings, no pay.

2.177 The Department needs to know its current costs of service delivery in order to evaluate whether or not the NBIJ proposals will generate savings for particular services or processes. In the planning phase of our audit, the Department informed us that it does not have a formal system for costing services.

Recommendation

2.178 We recommend that the costs of Department of Justice programs and services be established to provide a means of determining the savings generated by the NBIJ project. The cost

figures should be established and documented in a form that can be subjected to an audit process.

Departmental Response

2.179 I would like to make the following comments.

a) The Business Case for NBIJ has been completed and costing has been done. Contract negotiations with Andersen Consulting are almost finalized. Government has approved the initiatives and we are finalizing financing arrangements with the Department of Finance and our Partner.

b) Existing processes will be compared to proposed new processes. This implies full documentation of the existing key processes for direct comparison to the new process designs.

2.180 [In] Results in Brief, reference is made to the cost range of doing the New Brunswick Integrated Justice Program. The range of costs is directly related to the scope of the Program. The original focus was directed to finding a replacement for the existing JIS/YO AIS systems currently in place in the Department of Justice. This new system would have handled the tracking of a case throughout its involvement in the Department of Justice system, eliminating duplication of work, at a projected cost of \$8 million. The current scope represents a comprehensive review of both the criminal and civil components of the Justice system including the Family Support Services system and the responsibilities under the Solicitor General's Department. The Program development and implementation requires a broader focus than the development of automated systems. Successful system integration into the business direction and employees work environment is dependent on our transition management strategy, process design efforts and organization of work. The 50 or more initiatives identified to ensure successful integration is estimated at \$45 million. This is a joint project with the Department of the Solicitor General.

2.181 In response to the section of the report entitled NBIJ Represents Innovation in Procurement Process, particularly paragraph 3; it is intended that the Program be self funded in that benefit streams will pay for the design, development and implementation of the various initiatives, repayment of the costs however are not dependent upon the benefit streams. The risk

premium associated with a Business Case whose current cost/benefit ratio is 1:1 would drive up the cost side of the equation unreasonably if solely dependent upon benefits. Also, both the Departments of Justice and the Solicitor General chose to retain complete control of the design, development and implementation and sequencing of the initiatives which may have been compromised if Andersen Consulting retained an equal share of the decision making authority. Both Departments will manage and control cost, schedule, risk and quality.

## Quality Of Service Study

### Background to the Study

2.182 In December 1990, the Department of Justice in conjunction with management consultants from the Board of Management, started a quality of service study. The purpose of the study was to address four primary issues facing the Court Services Division:

- lack of agreement on what services must be considered essential;
- lack of an efficient and effective structure within which to deliver services;
- lack of consistency in the types, availability and levels of service across the province; and
- lack of established indicators of quality and success at the program and divisional level.

2.183 The QSS team carried out an extensive interview and consultation process. The list of contacts noted in the final report included the Bar, the judiciary, prosecutors, Court Services employees, enforcement agencies and other interest groups concerned with the quality of service delivered by the Court system.

2.184 The final report, Quality of Service Study: Putting the Public First (commonly referred to as the Quality of Service Study or simply QSS) was issued in June 1992. The report contained 60 recommendations calling for wide-ranging changes in the Court Services Division.

2.185 In September 1992 the Department prepared an action plan titled Court Services Quality of Service Study Implementation Plan. The Implementation Plan shows that only 2 of the 60 recommendations were not accepted by the Department's Senior Management Committee.

Department's  
Implementation Progress

2.186 During our audit we issued a document called the Quality of Service Implementation Matrix to the Department. The Matrix listed each recommendation from the QSS. It also showed our understanding of how the implementation of each QSS recommendation has proceeded. We used this Matrix to help verify the audit results. The following table gives summary totals for our assessment of how the Department has proceeded with the implementation of QSS recommendations:

Table One - QSS Progress

| Category                       | #  |
|--------------------------------|----|
| Implemented                    | 25 |
| Insufficient Action Taken      | 17 |
| Ongoing                        | 14 |
| Not Applicable or Not Accepted | 4  |
| Total # Recommendations        | 60 |

2.187 Table Two categorizes the various QSS recommendations and provides a summary of implementation activity to date.

**Table Two - QSS Recommendations Summarized by Category**

| Recommendations Summarized by Category   | General Description of Progress to Date  |
|--|--|
| Recommendations 1-12: Regionalization - (Changing Court Services from 3 Court-specific operations reporting to Fredericton to 6 regional operations grouped by services) | All 12 recommendations are either fully implemented or ongoing. Six regions have been established with the three service groupings recommended in the QSS. Regional Managers were appointed in all regions. Training for new responsibilities is proceeding.   |
| Recommendation 13: Planning Model  | The Division has set up a divisional planning model.   |
| Recommendations 15-17: Management Information Systems - Inadequate Decision Support  | The Department purchased new computers (Recommendations #16, 17). Additional training will be required. The NBIJ initiative is expected to address Recommendation #15 re developing a strategic information plan.  |
| Recommendations 18-21: Lack of Uniformity in Procedures  | Responsibility for policy and procedures development has been assigned to the Program Support group in Court Services. Program Support is in the process of preparing manuals as required. Our work on the FSOS program discussed in this report shows work remains to be done.  |
| Recommendations 22-25,35,36: Priority Given to Services/Service Standards  | The mission statement and service priorities recommended in the QSS were adopted. The Division has not set up the formal monitoring process called for by QSS recommendations #23 and #36.   |
| Recommendations 26-30: Improving Accessibility Through Reducing Complexity in the Court System   | Department has not proceeded with recommendations #26-#29. See further comments in the body of this report. Recommendation #30 re use of plain language for the court process was not accepted by senior management in the Department.   |
| Recommendations 31-34: Other Issues in Improving Accessibility to Justice System   | Three of the four have been addressed. The Department has not implemented Recommendation #32 (i.e. to study satellite courts and establish a distance standard for satellite court location).  |
| Recommendations 37-40: Use & Adequacy of Physical Resources  | The Department has not formally documented courtroom and building design standards (#37). The Department has not prepared a 5-10 year building renovation/construction plan (#38). It has however established an equipment needs plan (#39) and begun work on the RCMP report on court security (#40). See our comments on security in this report.                    |
| Recommendations 41-42: Demand, Backlog, Case Management  | The Department produced <i>Pre-Trial Delays in New Brunswick Courts: Preliminary Consultation Report</i> re #42. Recommendations in this working paper depend to a large extent on results of the NBIJ project and the proposal for a Unified Criminal Court. Recommendation #41 calls for a sophisticated forecasting tool that may not be implemented for some time. |
| Recommendations 43-45: Sitting Hours, Fiscal Restraint & Resource Allocation   | Recommendation #44 re principles for court sitting hours depends on the results of the discussions from the pre trial delay working papers. Court scheduling is not yet consolidated within each judicial district (#45). Recommendation #43 was not accepted by the Department.   |
| Recommendations 46-54: Human Resource Issues (e.g. communications, performance appraisal, training)  | Work is underway on most of these recommendations.   |
| Recommendations 14, 55-58: Mechanism for Administrative Matters Related to the Judiciary; Judicial Independence  | Progress is underway on all recommendations. The Division is rethinking the structure of the Regional Liaison Committees in consideration of the appearance of conflict of interest it may pose for the judiciary.   |
| Recommendations 59-60: Implementation Plan   | The Implementation Committee was established and it developed a thorough Implementation Plan.  |



Reporting on Progress to Date

2.188 Our overall objective was to review and report on the progress to date with respect to the implementation of the Quality of Service Study and other related studies. We wanted to ensure the Department used the results of the Quality of Service Study, and related special studies, to take positive steps to improve performance.

2.189 According to our findings in Table One, the Department of Justice has implemented 25 of the 60 recommendations made in the QSS. The Department is in the process of implementing 14 others while 4 have been rejected by the Department or termed non-applicable at this time. In our opinion, the Department has taken insufficient action on the remaining 17 recommendations.

2.190 The Department appears to be committed to implementing the majority of the QSS recommendations. The Department has suggested to us that the time line in the Implementation Plan was too ambitious. The sudden introduction of the Domestic Legal Aid Program in April 1993 was reported to have delayed the QSS implementation by approximately six months. Resource constraints also may have played a role in delaying the implementation. In addition, the anticipated changes of the NBIJ initiative and the Unified Criminal Court proposal have delayed the implementation of certain recommendations.

2.191 We believe it is important that the Department prepare an up-to-date "status listing" of the QSS recommendations. This type of reporting would show progress on a major change initiative of government. It could list all the recommendations, the current status, and a revised implementation timetable. We believe it would also be beneficial if the status listing showed the time frame and the manner in which the NBIJ initiatives would address specific QSS recommendations.

Importance of Post-Implementation Review

2.192 In one of our audit criteria, we were looking for a formal post-implementation review to determine if the QSS had achieved what it set out to achieve. In addition, we expected that some of the recommendations may have become "Not Applicable" or in need of revision. As the Department is still in the process of implementing the recommendations, it has not gone ahead with such a formal post-implementation review.

Recommendation

2.193 We recommend that the Department prepare a formal update of the QSS recommendations and determine the current

status of the Implementation Plan. In doing this, the Department should disclose:

- which recommendations are non-applicable or in need of revision
- which recommendations will not be implemented
- to what degree the Department has fulfilled the purpose of the QSS (i.e. to address four primary issues facing the Court Services Division)
- how and when the NBIJ initiatives will impact QSS recommendations.

#### Departmental Response

2.194 We generally agree with the recommendation that a formal update of the Quality of Service Study recommendations be prepared. However, the suggestion to include how and when the NBIJ initiatives will impact QSS recommendations may not be part of this update since this will not be known until the project plan is defined and resources are allocated to it.

#### Discussion of Selected QSS Recommendations

2.195 Table One and Table Two provide a summary of implementation activity to date. There are several QSS recommendations that we have categorized as “Insufficient Action Taken” or “Ongoing” that we would like to discuss in this section. We want to highlight these recommendations for their potential to achieve value for money from Court Services expenditures and for their capacity to improve the services provided.

#### Court Security - QSS Recommendation #40

2.196 In March 1992, the Department of the Solicitor General received a report titled RCMP Report on Court Security. The Department of the Solicitor General had requested the report on behalf of the Interdepartmental Committee on Court Security. (The Interdepartmental Committee includes the Department of Justice; Department of the Solicitor General; Department of Municipalities, Culture and Housing; and the Police Chiefs Association). The QSS recommended “That the Department support the court security study initiatives co-ordinated by the Department of the Solicitor General.”

2.197 This RCMP Report contained 92 recommendations. A number of these were very detailed, dealing with such things as installing warning buzzers on staff desks, providing secure cash safes, and using Lexan plastic barriers at cash counters. Other issues were more strategic in nature.

#### Major Issues in Court Security

2.198 A July 1994 document prepared for the Interdepartmental Committee summarized the major court security issues as follows:

- 1) No one agency is responsible for the overall implementation of court security.
- 2) Limited security is available at Provincial Court.
- 3) There is a need for trained security personnel to be available throughout the province.
- 4) There are equipment needs for security personnel.
- 5) There is a need to upgrade security systems within court facilities.
- 6) The responsibility for guarding and transporting prisoners is fragmented.

2.199 This same document concluded that the Department of Justice had implemented 26 of the RCMP's 92 recommendations. The Department of Justice planned work on a number of recommendations in both 1994-95 and 1995-96.

2.200 The issue of who is ultimately responsible for the overall implementation of court security is still unresolved. Closely related to this is the issue of limited security available at Provincial Court. In some cases the municipalities have provided this security through their local police forces. In other cases, the Department of Justice engages staff from the Sheriff's Office in the Department of the Solicitor General to provide security in Provincial Court. The municipalities, like all levels of government, are facing cutbacks, causing them to reconsider their "de facto" role in court security. The Department of the Solicitor General would require considerable additional funding in order for its Sheriff's Division to assume Province-wide responsibility for Court security.

2.201 While we do not claim to be experts, we are concerned about the unresolved issue of security in Provincial Court. We are concerned as well that no one agency is responsible for the overall implementation of court security. In our interviews with the judiciary, we consistently found they were concerned about court security and pointed out quite forcefully that the opportunity for a serious incident continues to exist in New Brunswick court houses. As one of our interviewees said "Someday, somewhere, something's going to happen. . . ."

#### Recommendation

2.202 We recommended the Department continue to work with the Interdepartmental Committee to resolve the issue of responsibility for Court Security. Further, we recommended that the Department of Justice request the Interdepartmental

Committee to engage the RCMP to perform a follow-up review of the 1992 study. This would provide an independent assessment of the progress towards implementation of the recommendations.

Departmental Response

2.203 There were two different interdepartmental committees which were involved in the court security project. The first interdepartmental committee was formed in 1991 comprised of the Departments of Justice, Solicitor General and Supply & Services, and they requested the RCMP study. The committee referred to in your report was established in 1994 and focused on a Court Security Standards and Strategy to implement a comprehensive court security plan. We agree that the issue of who has ultimate responsibility for court security needs to be clearly defined. Recently the Departments of Justice and Solicitor General have requested that Municipalities reassume/continue to provide court security services and transportation of prisoners in custody to and from court for cases in the Provincial Courts pursuant to section 12 of the Police Act.

Demand, Backlog, Case Management - QSS Recommendation #42

2.204 Court backlogs, the small claims process, a lack of uniformity in scheduling practices, and document processing delays in Family Court, were all seen as problems by the QSS team. The QSS recognizes that the Department of Justice cannot control the demand for court services. But it does point out that by being more proactive, the Department of Justice can deal with those demands. QSS recommendation #42 states:

That in consultation with the judiciary, a Task Team be initiated with the responsibility of developing courtroom scheduling concepts. This Task Team would develop a prototype system. Fredericton or Moncton would seem to be the best site to test such a concept.

Working Committee on Case Management

2.205 Court Services Division formed the Working Committee on Case Management (Working Committee) in response to this recommendation. In November 1994 the Working Committee issued a document titled Pre-Trial Delay in New Brunswick Courts: A Discussion Paper. The Committee followed up on this document in April 1995 with Pre-Trial Delays in New Brunswick Courts: Preliminary Consultation Report. The reports were based on interviews with about 60 stakeholders, including the Bar, police chiefs, members of the judiciary and Crown Prosecutors.

2.206 The Preliminary Consultation Report summarized the interviewees' perceptions of delay times for various courts in New Brunswick. Counsel considered that delays in Court of Queen's Bench in various locations were unreasonable or excessive. The Preliminary Consultation Report notes that "the extent to which these perceptions accord with reality is not entirely clear." Those interviewed did not see New Brunswick's court system "in a state of emergency requiring drastic measures."

2.207 The two most commonly cited reasons for court delays in Queen's Bench were small claims litigation and a shortage of judges. Almost all interviewees thought that small claims should not be heard initially by Queen's Bench Justices. Some of the other suggested causes of delay were late settlements and adjournments, longer trials, and a lack of courtroom space.

2.208 Some suggestions were received that judges were not spending enough time in court. The Working Committee found "a lack of reliable data by which the time spent by judges in court can be measured." Furthermore, as the Preliminary Consultation Report added, "Even if one could say with certainty that a particular judge, or the average judge, spends X hours per annum in court, there is no commonly accepted time standard against which this could be measured."

#### Small Claims Controversy

2.209 From our perspective, having interviewed both Department staff and the judiciary, we noted that feelings about the small claims issue run strong. Comments range from "it is much better now" to "worst reform" in recent history of the justice system.

2.210 Some argue that the current method is superior in that it grants the same level of justice to individuals with a \$500 dispute as it does to large corporations involved with multi-million dollar litigation. It was suggested that small claims offer some members of the judiciary an interesting change from other aspects of their workload. Critics of the system argue that it does not make proper use of the time of Queen's Bench Justices, particularly in light of the issues documented by the two discussion papers on pre-trial delay.

2.211 Some of the judiciary we interviewed noted that the former small claims process, which used clerks and deputy clerks to hear claims, could provide better service to the public. For instance, clerks or deputy clerks could hear small claims during evening sittings. Clerks or deputy clerks could also be trained in mediation, helping the parties to avoid the litigation process. Some believe that there

have been additional costs to the Province since the shift of small claims hearings to the Queen's Bench justices. Although the Department of Justice no longer has to hire deputy clerks to hear small claims, the federally paid Queen's Bench justices usually require provincially funded court stenographers and uniformed security personnel to be present. These are extra costs that did not have to be incurred when clerks heard small claims.

2.212 In our opinion, one thing that must be kept in mind in the discussion over small claims is the concept of what is best for the taxpayer. Merely shifting the cost between the various levels of governments is not the same as reducing real government expenditures. Whether a program is federally, provincially, or municipally funded, the taxpayer must pay for it.

Observations of Working  
Committee

2.213 The Working Committee made it quite clear that all the reported reasons for delays should be considered. "One specific cause should not be isolated as being the sole contributing factor." The Working Committee warned against a "quick-fix."

2.214 The Working Committee noted that transferring small claims to the judiciary resulted in additional workloads. However, across Canada there are increasing demands for the court's time at all levels. The Working Committee believes that designating small claims alone as the cause for the delays does not satisfactorily address the problems encountered. The Working Committee stated "although transferring jurisdiction to hear small claims would "temporarily" improve civil delays, this transfer requires a re-engineering of the court structure which is being addressed by New Brunswick Integrated Justice and the Unified Criminal Court Projects."

Preliminary Consultation  
Report Makes Three Main  
Recommendations

2.215 The Preliminary Consultation Report made three main recommendations:

- 1) That until such time as it is known what reforms will be proposed by NBIJ and/or whether or not the Unified Criminal Court Project is approved for implementation, ... no other initiative on small claims be commenced at this time.
- 2) That the working group on a Unified Criminal Court and the New Brunswick Integrated Justice teams be advised of the feeling of many lawyers and judges that jurisdiction to hear small claims should be assigned to persons other than Queen's Bench justices.

3) That the Department of Justice, the Law Society of New Brunswick and representatives of the judiciary form a joint committee to examine the successes and failures of full caseload management in other jurisdictions, with a view of determining whether New Brunswick should consider implementation of a partial or full system of caseload management. That this committee also examine the benefits of developing and implementing time standards for case disposition in New Brunswick.

2.216 Caseload management is defined in the Preliminary Consultation Report as “a system of litigation procedures which are characterized by judicial control of the pace of all cases from the moment a case is commenced.” Techniques of caseload management include:

- full booking of courtrooms and judges;
- consistent sanctions for certifying readiness for trial before completion of pre-trial procedures;
- making time limits for filing of Statements of Defence non-waivable by plaintiffs; and
- time standards for achieving each step of trial readiness after filing of defence.

2.217 The Preliminary Consultation Report noted a number of actions that could be taken in the short term, until such time as it is determined if full caseload management and/or the re-engineering initiatives become reality. These included an automated case scheduling system, amendments of the Rules of Court, consideration of a full booking policy of courtrooms and judges in all courts and all districts, and encouragement of more pre-trial conferences in civil cases, including the promotion of settlement conferences.

Our Conclusion Re  
Preliminary Consultation  
Report Recommendations

2.218 We appreciate the commitment the Department has made towards addressing these delay issues. We recognize that the current method of handling small claims is a point of contention with several parties. We appreciate, as the Working Committee does, that singling out small claims may be too simplistic.

2.219 The Preliminary Consultation Report offers a tool for the Department of Justice to use to achieve quality of service and access to justice for all New Brunswickers, two key components of its departmental goals. The recommendations in the Preliminary

Consultation Report are clearly linked with the re-engineering efforts of both NBIJ and the Unified Criminal Court proposal.

2.220 In our interviews with the judiciary, we noted concern about the reforms that could be associated with the NBIJ project and the Unified Criminal Court proposals. In those interviews we made the observation that, in our opinion, services provided by the courts depend on two main components:

- court support services (e.g. support staff, court rooms, offices, supplies), and
- the judiciary.

2.221 Members of the judiciary agreed with this assessment. When changes are made to services provided by the courts, there needs to be clear and consistent communication between representatives of both the judiciary and court support services.

2.222 We emphasize the need for the Department of Justice to maintain clear and consistent communication with the judiciary in determining the required changes. We also emphasize the need for continued consultation as changes are implemented.

#### Departmental Response

2.223 We agree that communication with the judiciary is of utmost importance and we continue to maintain open lines of communication with the judiciary. We have an established system whereby the judiciary are part of a central Liaison Committee comprised of the members of the Department and the Law Society with regional liaison committees, either planned or in place, where the judiciary may participate. We will continue to provide an opportunity for the judiciary to express their concerns and be involved in initiatives being planned by the department.

#### Reducing Complexity in the Courts - QSS Recommendations #26-29

2.224 The QSS recognized that complexity in the courts is a barrier to access:

The court process has become so complex that both the general public and the Bar are relying on staff to assist them through the maze of procedures, rules and requirements. In addition, the lack of standardization from region to region is leading to confusion for both the general public and the Bar.

2.225 QSS recommendations #26 through #29 dealt directly with reducing this complexity. They dealt with such things as streamlining



court procedures, simplifying rules and procedures, and developing alternatives to court adjudication (e.g. removal of traffic tickets or other minor offences from the court process; more extensive use of mediation in small claims and civil disputes; programs to divert first-time adult offenders out of the criminal courts.).

2.226 These recommendations have strong value-for-money implications. All four recommendations could lead to improved services at the same, or lower, costs. They are consistent with the departmental value which states “We are committed to providing the public with quality service and we constantly seek ways of improving that service.” They also support the departmental value of striving “to protect the interests of the public through cost-effective use of their resources.”

2.227 Our field work indicated there have not yet been any major efforts to revise the Rules of Court. It also appears that the Department has not implemented any alternatives to court adjudication on a province-wide basis since issuing the QSS. We noted that the Preliminary Consultation Report suggestions included promoting early settlements in civil cases and compulsory mediation for all family cases except where abuse is present.

Recommendation

2.228 We recommended the Department improve accessibility through reducing complexity in the Court system with the implementation of QSS recommendations #26-#29.

Departmental Response

2.229 Improving accessibility through reducing complexity in the Court system is a major goal for us. Some work has already been done on addressing the issue of alternatives to sentencing, so that both victims and offenders are benefitted. The Department, for example, is a participant in the MOVE program in Moncton (MOVE stands for Mediated Offender Victim Encounter); this program allows the victim to have a say in how the matter will be resolved, and allows the offender to take responsibility and to obtain a fuller appreciation of the impact of his/her actions. Another initiative that is progressing well is the possibility of a circle sentencing pilot for First Nation communities; departmental officials, in consultation with the MAWIW Council, are continuing discussions in this area. A circle sentencing program would more fully involve the community in the discussion of appropriate sanctions; in this way, the justice would be more culturally responsive to the First Nation communities and would be viewed as more accessible. Another area is the unified criminal court consultations with Justice Canada officials; a unified

Satellite Courts - QSS  
Recommendation #32

criminal court would simplify current court processes. Implementation of the unified criminal pilot will depend on the support of the New Brunswick Bar, the judiciary and Justice Canada. As well, the area of small claims is also under review as one where efficiencies in processing and simplification is needed.

2.230 Satellite courts have been a point of contention for a number of years. Although there can be satellite court sittings for Court of Queen's Bench, for the most part, the satellite court issue revolves around Provincial Court sittings.

2.231 These satellite courts exist at various distances from Provincial Court offices. Staff and judiciary from regular Provincial Courts travel to the satellites for various proceedings. These satellites pose a number of problems which the QSS summarized as follows:

Although satellite locations promote accessibility to the courts and when properly established and supported, encourage uniform service delivery to all residents of the province, it is recognized that they are very expensive to operate. With limited staff, provision of satellite services is also inefficient in that they result in the temporary closure of some permanent court offices. In some locations, the facilities provided for satellites are not considered to be adequate by either staff, judiciary or users. Using legion and community halls has a negative impact on the public's perception of justice. The decorum is often less than adequate and may have a negative impact on how justice is perceived in the province.

2.232 Dealing with satellite courts is a question of economy and efficiency. But it also raises the question of a third "e" - equity. Reducing the number of satellites would certainly make managing resources easier for the Department of Justice. The QSS did state that these satellites were expensive to operate. They pose certain unique security problems. They also create cash-handling difficulties.

2.233 On the other hand, when zeroing in on the issue of economy, one must be careful not to impose a false economy on the taxpayer. While the satellites are expensive for the Department of Justice (annual travel costs are estimated at \$60,000), they reduce transportation costs for local police forces. What the taxpayer pays through the Province, may in fact be recovered through reduced costs

to municipal police forces. Satellite court placement criteria should be formed from a one-taxpayer perspective.

2.234 The QSS supported a reduction in the number of satellite courts and a rationalization of the locations of the remaining courts in recommendation #32:

That a task team study the satellite court issue and consider the following: that a standard such as 100 KM or one hour be adopted for determining the need for satellites. In selecting satellite locations, attention should be paid to natural commuting patterns to ensure a satisfactory arrangement. It is also recommended that demand, caseload, and adequacy of facility should also be considered.

2.235 The Department has not yet formed a study team on this issue. In our opinion, standards or criteria for locating these satellites would give the Department an excellent manner of handling the demands for satellite court. By establishing objective standards for locating and maintaining satellite courts, the Department could ensure that services were delivered in an equitable and efficient fashion. By communicating these standards, the Department would be in a better position to deal with various requests for satellite court services.

2.236 The Court Services Division did draft criteria for satellite courts in 1991. Our understanding is that these draft criteria were never adopted as policy by the Department.

Recommendation

2.237 We recommended the Department implement objective standards for locating and maintaining satellite courts. These standards should consider all related costs, not just Department of Justice costs.

Departmental Response

2.238 This recommendation calls for the implementation of objective standards for the continued existence of satellites and that all related costs should be considered.

2.239 We are in agreement with this recommendation. The most recent exercise in proposing criteria for the continued maintenance of satellite court locations was in the fall of 1993, following the implementation of Quality of Service. The Department experienced difficulty in obtaining accurate transportation, personnel and overtime costs incurred by Law

Enforcement agencies in the regions as they relate specifically to court appearances. Attempts were made to secure this information in the past, and only one region was able to provide us with this data. A future review of this topic will not only require cost data from the law enforcement agencies (both municipal and RCMP), but will require us to consider the impact of the trend towards regional policing.

2.240 With respect to your comment regarding cash handling in the satellite locations, regional managers have been advised, through the cash handling training sessions that were held this fall, to set up banking arrangements in the satellite area.

Monitoring Effectiveness -  
QSS Recommendations #23  
& #36

2.241 The Auditor General Act requires us to report where:

- procedures have not been established to measure and report on the effectiveness of programs where the procedures could appropriately and reasonably be used; or
- procedures established to measure and report on the effectiveness of programs are not satisfactory.

2.242 Given this mandate, we found QSS recommendation #23 of particular interest.

That an annual planning and monitoring process be set in motion which would review the service and program component definitions, including objectives and quality measurements (standards) with the participation and input of the clients.

2.243 Recommendation #36 also deals with performance monitoring:

That an ongoing evaluation and monitoring process be established to assess whether service standards are being met and that this process contain components that allow for client input.

2.244 By implementing these recommendations, the Department of Justice could develop performance indicators which would provide information on program effectiveness. In our opinion, neither recommendation has been fully implemented. There is no formal process for “ongoing evaluation and monitoring.”

2.245 The need to monitor standards and quality measurements is especially important in the Department of Justice today. As noted in the introduction, the Department of Justice, along with the Department of the Solicitor General, and their private sector partner, Andersen Consulting, are in the process of considering the business case for the New Brunswick Integrated Justice project (NBIJ).

2.246 As noted earlier, our understanding is that the NBIJ proposal is based on the premise that the costs of the project, including the technology solutions, will be financed by Andersen Consulting. Andersen Consulting will in turn be paid from the savings generated by the re-engineered business processes. No savings, no pay.

2.247 Yet without QSS recommendations #23 and #36 in place, how can the Department be in a position to evaluate if the processes re-engineered by NBIJ are providing the same or better service? Indeed, the cost of the service itself should be an important service standard.

Recommendation

2.248 We recommended the Department implement an ongoing monitoring process as discussed in QSS recommendations #23 and #36. This should include monitoring the costs of services .

Departmental Response

2.249 Over the past year, considerable effort was directed towards a new 3 year strategic plan for the Department which included consultation with our stakeholders. From this strategic direction, each Division developed annual operational plans and individual workplans with performance measurements. Some of these performance measurements were related to the service standards outlined in the QSS Report and will be assessed through the performance review process. Additionally, it is our plan to conduct a client satisfaction survey during this fiscal year to assess whether certain service standards are being met. As you are aware, Government is embarking upon a performance measurement program whereby departments are required to provide performance indicators and target for the upcoming budget year. In addition through NBIJ better management information will be available allowing a comprehensive monitoring of services and the cost of these services.

Family Support Order  
Services System

2.250 The Family Support Order Services system (FSOS) processed more than \$18 million of support payments during the fiscal year ended 31 March 1995 (\$15 million for the year ended 31 March 1994). The service is designed to enforce registered

Background

support orders issued by a court or agreed to voluntarily by parties who are separated or divorced.

2.251 The FSOS acts as a collection service with the money collected flowing through to beneficiaries immediately upon receipt by the Department. The system defines the “beneficiary” as the individual who receives support payments. “Payor” is the term used for those who must pay support. Support payments result from either voluntary agreements made between the payor and the beneficiary and registered with the Court, or from support orders made by a Family Court Justice.

2.252 These support payments flow through the Department of Justice to one of two destinations. If the beneficiary is in receipt of income assistance from the Province, the support payments are retained to offset those costs. The recoveries made on behalf of individuals in receipt of income assistance amounted to \$2.8 million in 1994-95 (\$2.2 million in 1993-94) and they are expected to increase substantially in future years. All other receipts through FSOS are deposited into a trust account and cheques are issued immediately to the individual beneficiaries.

2.253 The government made significant changes to the legislation relating to support orders and their enforcement in 1992. The objectives of these changes were identified at the time as:

- 1) ensuring to the greatest extent possible, that persons with legal responsibilities to provide support fulfill their financial obligations to their spouses and children;
- 2) increasing the province’s capacity to enforce support orders on behalf of all families in the program;
- 3) reducing public costs associated with the social assistance benefits provided to families by ensuring the financial contribution of the parent/spouse.

#### Our Findings on FSOS

2.254 We wanted to ensure the FSOS system was operating efficiently. Consistent operating procedures supported by ongoing management monitoring and input lead to efficient operations.

#### Weakness in Establishing and Monitoring Operating Procedures

2.255 Our review of procedures used by Bookkeepers and Enforcement Officers identified substantial differences in the way they carried out their work. In general, we found that many inconsistencies of practice exist among regions. We provided the

Department with a detailed listing of these differences for both Enforcement Officers and Bookkeepers.

2.256 Management direction over these regional operations is weak. Many bookkeeping and enforcement procedures have evolved at the regions with limited head office direction. The regions lack a common set of documented, current procedures. At the time of our audit the Department was trying to put together such a set of procedures. A draft procedures manual was provided to us and is expected to be available to the regional offices shortly.

2.257 Many of the bookkeepers we interviewed identified the need for training on some aspects of their jobs. The function noted most frequently was the bank reconciliation process. Some regions were not reconciling their bank accounts and others were doing it incorrectly. The monitoring process at the management level for the bookkeeping and enforcement functions needs to be strengthened as well.

#### Recommendations

2.258 We recommended the Court Services Division provide training and procedural direction to the bookkeepers and enforcement officers in the regions. The new policy and procedures manual should be implemented at the same time.

2.259 We recommended all trust account bank reconciliations be completed and maintained on a regular basis.

#### Departmental Response

2.260 We agree that continued training and procedural direction must be provided to bookkeepers and Enforcement Officers in the delivery of the Family Support Orders Service. You may know that cash handling training sessions were held in the fall of 1995 for all staff who handle cash, including the bookkeepers. Procedural direction specific to bookkeepers, in the form of a chapter of the Family Support Order Service Policy & Procedure Manual, will be sent out before mid-December; an earlier draft of the chapter was reviewed and discussed at a meeting of bookkeepers this spring. In addition, a session will be scheduled in early 1996 (before fiscal year end) to reinforce the procedural direction in the revised user guide to MAES.

2.261 With respect to the procedural direction for Enforcement Officers, revisions will be made to the current policy and forwarded to this group by fiscal year end. The

finalization of these procedures was put on hold pending the implementation of a case management system to assist Enforcement Officers in their work. Similar to the bookkeepers, a training session will be scheduled to introduce the final chapter version.

2.262 [This recommendation] also dealt with the regular completion of trust account bank reconciliations. This topic was dealt with in the cash handling training sessions held this fall - under the new procedure, supervisors are asked to initial the completed reconciliation and will be monitoring the regular completion of these forms. As well, an experienced MAES user has visited field locations to perform training in using the system as a tool to facilitate the reconciliation process. Taken together, these measures will certainly respond to this concern. We are also of the view that a stricter compliance with the system user guidelines would over time reduce or eliminate the complexity in the system.

#### Two Sets of Accounting Records

2.263 The FSOS is supported by a computer bookkeeping system called the Maintenance and Enforcement System (MAES). The system was developed in the late 1980's to support the accounting and enforcement functions. MAES has not been able to supply complete and reliable information for the bookkeepers and enforcement officers. The result is that a manual accounting system continues to be maintained to add the degree of reliability and completeness of information necessary. Bookkeepers rely predominantly on the manual accounting system.

2.264 In 1993-94 the Department engaged Andersen Consulting to perform a "Preliminary Analysis" for a new FSOS computer system. This \$100,000 study dealt with the adequacy of the current computer system in some length. The consultants' report concluded that the current MAES system did not meet the requirements of FSOS. Further, it did not comply with the technology direction of the Government of New Brunswick. The problems of duplication of effort by regional staff and lack of confidence in the information produced were cited in that report. Our work confirms these observations.

2.265 The Andersen study identified the direct costs of a new system at approximately \$1.4 million. Direct benefits were estimated at \$400,000.



Recommendation

2.266 We recommended that in order to improve the efficiency of the bookkeeping and enforcement activities, the Department should develop a system that will eliminate the need for duplication and strengthen the financial controls in FSOS.

Departmental Response

2.267 This recommendation called for increased efficiency, the elimination of duplication, and the strengthening of financial controls. We agree that the weaknesses identified under this section need to be addressed. Staff have recently been given procedures and training as it relates to the preparation of bank reconciliations, procedures regarding over-payments and stale-dated cheques have been included in the Bookkeeping chapter of the Family Support Orders Service Policy & Procedure Manual (to be released by mid-December). We agree that other areas remain to be fully addressed.

2.268 The maintenance of two sets of accounting records is not efficient. The streamlining of these processes will occur through NBIJ related initiatives.

Risks and Controls

2.269 The reliability of accounting records is influenced by the financial controls and other management controls an organization has in place. Management controls consist of policies and procedures established and maintained by management to ensure the orderly and efficient conduct of business. Financial controls are directed at protecting assets and ensuring the integrity of accounting records. Financial control weaknesses can be caused by the lack of written policy and management direction, lack of training, or inadequate monitoring of staff and operating policies. Several financial control weaknesses were noted during our audit of FSOS.

2.270 In addition to the problems caused by having two sets of accounting records, the risk of error or fraud in the FSOS system is increased because of the high number of transactions processed and large volume of cash received. Weaknesses in internal control also significantly increase the risk of fraud or mistakes in the processing of transactions. During our audit we noted the following control weaknesses that increase the vulnerability of Court Services Division.

- Regular bank reconciliations are not performed.
- Management direction and monitoring of the bookkeeping and enforcement functions is weak.

- Trust and Security bank accounts are not part of the Province's Financial Information System. These accounts are operated entirely by the regions. No control account exists on the Province's Financial Information System.
- Internal audit has been non-existent for several years.
- Write-off procedures are weak.
- There are no set procedures for handling overpayments.
- There are no set procedures for handling stale-dated Trust account cheques or Trust account cheques which are returned to the Department.

2.271 This last point is of a particular concern because of the nature of a trust. A trust fund holds money for the benefit of some other party. In the case of FSOS, support payments are turned over in trust to the Department by payors on the expectation that the funds will be forwarded to the beneficiaries. If the beneficiary cannot be located, or if the cheque remains uncashed, regions are unclear what to do with the funds. In some cases we understand the transactions have been canceled and the funds have been forwarded to head office. This treatment appears incorrect.

2.272 We provided a list of weaknesses in controls to the Department. We have asked them to review the list and develop an action plan to strengthen controls. We intend to follow up on this during the 1995-96 audit year.

External Review of FSOS  
Program

2.273 Shortly after the program was revised in 1992, the Department engaged external consultants to prepare a Family Support Orders Service Evaluation Report. The consultants, Bureau de consultation EVAco enr. and J and J Research Associates Ltd., delivered the final report in September 1994. This Evaluation Report was tabled in the Legislative Assembly in December, 1994. We noted that the evaluation process had been discussed at both the 19 January 1993 and 14 January 1994 meetings of the Public Accounts Committee.

2.274 The purpose of this study was to provide an independent evaluation of the FSOS program from the time the legislation was changed in 1992. We were pleased to see the Department had undertaken this evaluation. We have an interest

in ensuring that the Department measures the effectiveness of the FSOS program.

2.275 The Evaluation Report analyzed the cost-benefit of the enhanced program. It concluded that the cost-benefit ratios originally estimated for the enhanced FSOS program had not been achieved in the period under review.

2.276 The Evaluation Report also contained many useful recommendations. In our discussions with Regional Managers we were informed that the Department intends to set up committees to work on implementing the recommendations in the Evaluation Report.

## Fines, Bail And Restitution

### Background

2.277 The Department of Justice receives revenue each year from a wide variety of fines imposed at Provincial Court. The largest category is for fines levied under the Criminal Code. In 1992-93 the Department received over \$1.8 million from this source. The total dropped to \$1.6 million in 1993-94 while in 1994-95 it was \$1.2 million.

2.278 Regional offices of the Department of Justice are responsible for this revenue, including the collection of unpaid fines. These offices are also responsible for accounting for bail payments posted by accused persons and for processing restitution received from offenders. The offices receive restitution payments from offenders and forward the related amounts to the victims named in the court order.

### Justice Information System

2.279 We wanted to see if the fines process was supported by an efficient information system that met the needs of its stakeholders. The main system used to process fines, bail, and restitution is the Justice Information System (JIS).

2.280 The JIS has been in place for approximately 11 years. It was purchased from a US supplier. At the time of purchase, the Department was allowed to analyze the package and its output. As a result of this testing, several changes were made to adapt the package to the Department's use.

2.281 Discussion with departmental staff indicates that at this time, however, changes are either too costly or very difficult to make. The JIS is old and somewhat limited. The system is incomplete, fragmented and does not meet the needs of users.

We Noted Several Problems  
With JIS

2.282 We documented several complaints from regional staff about the JIS system. They said JIS requires slow, repetitive data entry. On-line inquiry is slow. There are some limitations in JIS's reporting capabilities. For instance there are no specific reports for determining when restitution should be paid or for identifying all persons who are paying off their fines through community service activities.

2.283 In addition, regional staff spend time answering inquiries from various stakeholders such as Police, Crown Prosecutors, and Department of the Solicitor General staff. We believe the Department of Justice regional staff could direct their energy to more productive tasks if the JIS information was directly available to these other users.

2.284 The difficulties staff face due to these JIS inefficiencies appear to be compounded by other factors. Similar to our findings with respect to Family Support Orders, management direction over the regional JIS operations is weak. There is a Provincial Court Policies and Procedures Manual which covers cash handling and document processing, but it is out of date. Some sections were put in place in January 1982. The Department approved the manual in June 1984 with the last documented change dated March 1985. There is no evidence that the regions are uniformly following the procedures. In fact, at least one region was unaware of a manual at all. Another region was aware of the manual but could not locate it.

Departmental Response

2.285 Reference is made to the Provincial Court Policies and Procedure Manual as being out-of-date. As part of the cash handling training sessions held this fall, staff who deal in cash transactions were provided with a revised Cash Handling Manual.

2.286 The Department does not have a means of reviewing regional JIS activities and comparing procedures among the regions. In some cases the regions require guidance on procedures but staff are unsure where to direct their questions. For example, we noticed the Department does not have a policy addressing the length of time unclaimed restitution payments should remain in regional bank accounts. Nor is there a policy concerning the final distribution of these amounts.

NBIJ May Address These  
Inadequacies

2.287 As noted earlier, the Department is in the process of entering into a contract with Andersen Consulting to design, develop and implement a total integrated solution to meet their

information needs. Senior Department of Justice officials have provided us with a brief overview of this proposed New Brunswick Integrated Justice (NBIJ) solution. Originally, the Department reported the costs would be approximately \$8 million. Later estimates we received from management range as high as \$45 million.

2.288 We understand that numerous aspects of the current departmental structure will be affected. However, we received only preliminary information on the NBIJ proposal. We did not audit or evaluate any of the proposed changes.

2.289 A recent media article noted that the first phase of the NBIJ would deal with fines as a primary area of reform. Presumably, this fines process would require the support of an improved information system. We are not making detailed recommendations on the current JIS in anticipation of this first phase of NBIJ. We realize from our audit work why the current systems and structure are under study.

Receivable for Outstanding  
Fines is Growing

2.290 When carrying out this audit, we wanted to ensure that fines, bail and restitution are properly accounted for, protected from loss and reported in a timely manner. Our major concern in this respect was the alarming growth in the amount of unpaid fines.

2.291 The dollar amount of fines receivable has been increasing over the past several years. Below are amounts taken from the Department's Detailed Annual Report for Provincial Courts.

Table Three - Increase in Fines Receivable

| Fiscal Year Ended | Fines Receivable | Increase by year |
|-------------------|------------------|------------------|
| 31 March 1995     | \$4,057,649      | 22%              |
| 31 March 1994     | \$3,338,775      | 20%              |
| 31 March 1993     | \$2,787,697      | 34%              |
| 31 March 1992     | \$2,077,970      | --               |

2.292 Since 31 March 1992, the dollar amount has increased from \$2.1 million to \$4.1 million. At the current level of \$4.1 million, the fines receivable is over three times the revenue from this source for 1995.

Departmental Response

2.293 The Department wished to make the following comments on Table Three:

The figures represented include fines under ninety days old and fines not yet due. The figures quoted represent receivables. If the figures for overdue fines (with or without warrant issued) had been used, the applicable figures would have been an increase from \$ 1.3 million (March 1992) to \$ 2.3 million (March 1995). Added to the comments that follow table three (factors which contribute to a growth in fines receivable) that focus on weaknesses in the collection area, a reader would conclude the figures presented in table three represent the total value of fines in default, which it does not.

2.294 In our opinion there are several factors that could be contributing to this growth in the fines receivable. These are:

- There is no financial deterrent for late payment of fines.
- One of the primary collection tools is ineffective.
- Fines cannot be paid conveniently.
- There is possible procedural uncertainty.

#### No Financial Deterrent

2.295 In the present structure, there is no financial deterrent for late payment or non-payment of fines. In either case, the dollar amount of the fine is exactly the same amount as that originally issued.

2.296 Generally an offender is given forty-five days to pay the fine after being deemed guilty or being found guilty. By this time there has been at least one Court appearance. In our opinion, the collection problem would be eased if an offender who was either found guilty or deemed guilty, faced an administrative surcharge after the forty-five day period.

#### Ineffective Collection Tool

2.297 If a fine is unpaid after the due date, the Courts have two primary collection tools. For Motor Vehicle Act violations a Notice of Default could be issued. For other types of violations, a Warrant of Committal could be served on an offender.

2.298 A Notice of Default results in the suspension of driving privileges for an individual. This is obviously a very effective deterrent. If an individual wants to continue driving, the fine must be paid.

2.299 A Warrant of Committal is a legal document signed by a judge which gives the police the power to pick up the offender and place the offender in jail. The Warrant of Committal is usually forwarded to the police force involved in the original charge.

2.300 Generally, one would expect that the issuing of a Warrant would convince large numbers of offenders to pay their outstanding fines. The threat of going to jail should act as a significant deterrent. However, if Warrants are not consistently executed, their deterrent effect is weakened.

2.301 Below are amounts taken from the Department's Detailed Annual Report for Provincial Courts pertaining to unexecuted Warrants. The table shows that the number of unexecuted Warrants and their dollar value are both increasing. These dollar figures make up part of the total outstanding fines shown in Table Three.

Table Four - Increase in Unexecuted Warrants

| Fiscal Year Ended | Number of Unexecuted Warrants* | Dollar Value | \$ Increase by Year |
|-------------------|--------------------------------|--------------|---------------------|
| 31 March 1995     | 6,010                          | \$2,239,147  | 25%                 |
| 31 March 1994     | 5,443                          | 1,786,884    | 34%                 |
| 31 March 1993     | 4,507                          | 1,331,834    | 27%                 |
| 31 March 1992     | 4,135                          | 1,047,930    | -                   |

\*An unexecuted Warrant is a Warrant prepared by Provincial Court staff, forwarded to police but not served on the offender.

2.302 Unexecuted Warrants are increasing in similar proportions to the outstanding fines. Our conclusion is that this important collection tool is not being used effectively.

2.303 Why is this the case? There are probably various factors at work.

2.304 Departmental staff noted that police sometimes find the cost of locating the offender and executing the Warrant far outweighs the fine owed. This could be one important factor.

2.305 Another factor could be a lack of consistent procedures. It is evident from our audit work that some regions

do perform follow-up procedures on the outstanding Warrants. However we were unable to find any documented follow-up procedures for unexecuted Warrants of Committal.

Recommendation

2.306 The Department should develop procedures which determine who in each region is responsible for follow-up on outstanding Warrants along with recommended follow-up actions.

Departmental Response

2.307 This recommendation states that the Department of Justice should determine the responsibility centre for outstanding warrants. We agree with this recommendation. At the present time, there appears to be a significant difference in opinion as to the "life" of a warrant of committal for non-payment of fine. Depending upon the offence type, RCMP and municipal forces have established time limits for these warrants. After the time has expired, it is our understanding that the warrant is "shelved". The Chief Judge of the Provincial Court, however, has expressed the opinion that there is an indeterminate life to such warrants. The issue of unexecuted warrants and their associated dollar value is a topic that received considerable attention under the fines reform study. This area, as we are sure you are aware, has been subsumed under NBIJ.

2.308 We wish to note that the scope of enforcement remedies for unpaid federal statute fines will be broadened with the proclamation of amendments to the Criminal Code later in 1996. Incarcerating offenders for non-payment of fine does not provide revenue to the Province and must only be used as a last resort for offenders who are able, but unwilling to pay. Amendments to the Criminal Code will allow fines to be enforced through refusal to issue or renew licenses or permits, the filing of the unpaid fine as a civil judgement as well as through the fine option program. Under the new provisions, there is an increased emphasis on the sentencing judge making a full inquiry into the offender's ability to pay in order to ascertain whether the person has the means to pay.

2.309 Warrants of Committal issued to the Commercial Vehicle Enforcement (CVE) branch of the Department of the Solicitor General pose a special problem. The CVE staff have said they are constrained in what they can do to execute the Warrant. They do mail out letters to the offenders informing them they have been deemed guilty. However, there is no easily



accessible data available at the scale houses in the Province to use for follow-up.

#### Fines difficult to pay

2.310 Fines cannot always be paid conveniently. Payment procedures seem to be arranged to favour the recipient, not the offender. A number of examples of this are:

- A ticket must be paid in the jurisdiction where issued, irrespective of where the offender lives.
- A ticket unpaid by its due date must be processed through Provincial Court. At that time, it is up to the Court System to collect the payment. If the ticket is a Motor Vehicle offense, it is payable to the Registrar of Motor Vehicles upon a guilty verdict. An added complexity allows Motor Vehicle tickets to be settled at Provincial Court on the Court appearance date only!
- Provincial Courts will not accept personal cheques for payments; only cash, certified cheques or money orders. (Most police departments and the Commercial Vehicle Enforcement branch will accept personal cheques.)
- Provincial Court offices have a complex procedure for accepting a payment for a fine imposed by another Court. The present method requires the Court receiving the money to deposit it in the restitution account. A cheque is then written to the Court location that issued the fine. This procedure generally involves written correspondence to give the particulars of the fine money.
- Some Provincial Court offices discourage partial payments and at least one Court will not accept partial payments. Fines under certain sections of the Criminal Code of Canada or the Excise Tax Act are sometimes thousands of dollars. This makes it difficult for the offender to pay the entire amount at one time.
- Some police forces will not collect money from the offender when executing Warrants of Committal. They either deliver the offender to the jail or to the

Court to allow the offender to make payment. At least one force in the Province will collect the fine if the offender offers to pay on the spot. This prevents the offender from going to jail and could eliminate a trip to the jail by the police.

2.311 These factors may have contributed in part to the increase in the fines receivable. Some might ask why fines could not be paid at government service centers, kiosks or chartered banks. Why can't credit or debit cards be used? Why can't all locations accept partial payments? Presumably the NBIJ initiative with its client-centered focus will examine some of these issues.

Recommendation

2.312 We recommended the Department consider making it easier for the public to pay a fine.

Departmental Response

2.313 We agree with your recommendation. The NBIJ program will accomplish these goals. Many of the suggestions you have made are part of that initiative.

2.314 The reason behind the Provincial Court offices accepting payments on Motor Vehicle Act ticket offences only on the date of the court appearance is that once a default conviction has been entered, a Notice of Default form is completed and forwarded to the Motor Vehicle Branch and to the offender who is advised that unless payment is received within the stated deadline, the Motor Vehicle Branch will suspend the offender's driver's permit. The fine becomes a receivable of the Motor Vehicle Branch of the Department of Transportation since it is that branch which applies the enforcement remedy. If electronic links were in place between Justice and Transportation, either agency could accept payments such as these.

Possible procedural uncertainty

2.315 It is possible that some of the growth in the fines receivable is due to procedural uncertainty among Court staff. We noted that the regions do not have any documented procedures for how long the unexecuted Warrants should remain as an outstanding receivable.

2.316 We also noted that a lack of documentation at the regions made it difficult to determine how often the regions reviewed the outstanding Fines Option cases. The Fines Option Program allows offenders to work off their fines through community service. The program is operated by the Department of the Solicitor General. After a fine is levied, the Provincial

Court staff inform the offenders that the Fines Option Program exists. Offenders are advised to contact the Solicitor General's Department for details.

2.317 Documentation was not available at the Department of Justice to explain the procedures to follow to ensure an amount receivable is properly identified as Fines Option. No direction has been given to the regions on obtaining accurate Fines Option information. No JIS report exists that separately lists and identifies all persons on Fines Option. However, each region visited appears to have worked out a system to identify Fines Option. It is possible, though, that failure to identify some fines as "Fines Option Program" has contributed to the growth in the receivable. That is, a number of individuals may have worked off their fines through community service but the dollar value of the original fines is still sitting in the outstanding fines total.

Department's Response to Growing Fines Receivable

2.318 During our audit, we reviewed three reports dealing with fines collection. We noted that an internal government task force prepared a Fines Collection Reform in August 1992. The task force reiterated recommendations of earlier reports prepared by the Management Services Division of the Department of Finance and by the Interdepartmental Committee on Fines Collection.

2.319 We were advised the Department has been working on a proposal to assist in collecting outstanding fines. We understand the proposal is subject to central agency approval and will form part of the Integrated Justice solution.

Recommendation

2.320 We recommended the Department take immediate steps to collect outstanding fines. The steps taken should address the causes of the increase identified in the various studies and reports.

Departmental Response

2.321 We agree with your recommendation. The NBIJ program will accomplish these goals. Many of the suggestions you have made are part of that initiative.

General Commentary by Deputy Minister

2.322 I would like to take this opportunity on behalf of Court Services Division to thank your auditors for their consultation throughout the audit period and the detailed information provided to the managers of Court Services Division to assist them in addressing some of the issues. Their assistance and approach was appreciated by those involved.

Department Of  
Natural Resources And  
Energy

2.323 In our 1993 Report, we commented on an audit carried out on the Department of Natural Resources and Energy. We made nine general recommendations in 1993. The Department agreed with all of the recommendations. At the date of this Report six out of the nine recommendations have either been implemented or are being addressed as part of an ongoing effort to improve departmental operations. The following is a discussion of the three issues that have not yet been addressed.

2.324 We recommended the Department analyze transportation needs to determine the most cost effective way of meeting them.

2.325 This recommendation is intended to address the issue of replacing vehicles at the end of their economic life. If replacement is required, the type of vehicle should be selected by determining the job requirements and cost. The Department has made progress in this area by replacing some 1,000 gallon tankers with smaller four wheel drive units. Also, some half ton trucks have been replaced with quarter ton or three quarter ton trucks. Other vehicles have not been replaced due to a change in the method of delivering the program and expenditure restrictions imposed by central government agencies.

2.326 We acknowledge this is a government-wide problem and encourage the central agencies in their efforts to help operating departments find a solution.

2.327 The Department is still in the process of implementing the following recommendations concerning cost allocations.

2.328 We recommended the Department review the current allocation of labour costs.

2.329 In order to more accurately account for costs, we recommended the Department charge vehicle costs to programs where these costs directly support program activities.

2.330 The Department advises that they expect many changes to the programs and their method of delivery over the short run. Therefore, cost allocations determined using the present program delivery system would quickly become outdated.

2.331 We understand the Department's position, however, we believe the cost of a program is critical information when deciding to make changes.

2.332 We wish to commend the Department for the improvements in its Forest Fire Management. Improvements in pre-suppression planning have been noted in the basing of aircraft tankers nearer to high fire danger areas during the day, improvements in fire fighting equipment (e.g. using smaller four wheel drive tankers, increasing the number of foam spraying units) and the establishment of clear objectives concerning the length of time between discovering and attacking forest fires. Through good communication with the regions and the above changes it appears the Department has achieved a much more efficient and effective mix of fire fighting activities.

2.333 According to a recently completed departmental report, the actual fires to date in 1995 have slightly exceeded the five year average but the total area burned was only 10.6% of the five year average. This is especially impressive in a year that has seen more extreme forest fire danger indexes than any in recent history.

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Department of Supply  
and Services

2.334 As part of our audit of the Province for the year ended 31 March 1995 we reviewed a sample of expenditure transactions in this Department.

Payments to  
Contractors

2.335 One of the Department's policies is to reject a bid at tender opening if the tender form contains an incorrect figure for a sub-trade. The authority for rejecting such a bid is found in the regulations to the Crown Construction Contracts Act (CCCA). However, we found this policy was not followed in the awarding of the contract for construction of the Miramichi Hospital. An incorrect sub-trade figure was used in preparing the tender, yet the bid was not rejected. The Department informed us that the error was discovered but not until after the award was made.

2.336 The CCCA regulations require tenderers to provide proof of insurance coverage within fourteen days of their notification as the successful tenderer. We noted one instance where the proof of insurance coverage was not provided by the contractor. The Department informed us that proof of insurance was subsequently received, and indicated it is tightening up its scrutiny in this area.

2.337 Our examination also found one instance where a \$1,260 overpayment to a contractor occurred due to a clerical error in transferring an amount from a change order to the progress claim. As a result of our audit, the overpayment has since been collected.

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Department of  
Transportation

2.338 In our 1993 Report, we commented on an audit carried out on the Department of Transportation. We made twenty-two recommendations. The Department agreed with fifteen of these recommendations. At the date of this Report thirteen recommendations have either been implemented or are being addressed as part of an ongoing effort to improve departmental operations. Following is a discussion of the recommendations the Department did not implement.

2.339 Five recommendations were judged by the Department not to be cost effective at the time. The recommendations were that:

- the Department introduce an element of competition into the process of selecting consultants to provide engineering services for design and survey work;
- the final payment to a consultant be significant in relation to the cost of the project and be linked to the project's successful completion;
- the Department include cost-benefit analysis as a factor in determining road construction priorities;
- the Department have a more objective system for prioritizing maintenance needs. All districts and divisions should complete seasonal plans and maintenance needs worksheets to ensure the Department has a complete list of maintenance requirements; and
- the Department report both internally and externally on environmental performance. Environmental performance measures should

include the costs associated with environmental considerations.

2.340 Two recommendations were judged by the Department as not aiding in the effectiveness of operations or in its accountability to the public. We recommended that:

- the Department ensure that the requests to do county projects work do not keep regularly scheduled maintenance activities from being completed. Further, we recommended DOT allocate a portion of county projects money for road maintenance. This would provide additional needed funding without an overall growth in spending; and
- the Department report on the basis of Planning Branch projects for all construction projects in an appropriate section of the annual report. Information could include dollars spent in the current year, dollars spent by individual contract, total dollars spent to date, cost estimates, contract estimates and the percentage completed.

2.341 In addition, two recommendations, while endorsed by the Department, are not being implemented as the Department feels that they require high level policy decisions that are beyond their control. We recommended:

- as part of overall maintenance planning, DOT develop a preventative maintenance plan. This plan should be based on the physical condition and life cycle of roads. It should identify the nature of the work required, the frequency required and estimated costs. Where funding levels are inadequate, the Department should disclose the implications.

2.342 The Department contends that funding is inadequate to do sufficient preventative maintenance therefore planning for it is academic.

2.343 We also recommended:

- the Department ensure compliance with its policy for maintenance services on private roads and that it consider incorporating the applicable recommendations of the CLURE study.

2.344 The Department indicated the Province has not moved on implementing recommendations of the CLURE study that affect the Department of Transportation.

2.345 It is a concern to us that several of our recommendations were rejected by the Department. We believe further analysis of these issues is required.

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General

Losses Through Fraud,  
Default or Mistake

2.346 Section 13(2) of the Auditor General Act requires us to report to the Legislative Assembly any case where there has been a significant deficiency or loss through fraud, default or mistake of any person.

2.347 The following significant losses were incurred in departments and agencies:

|   |          |
|---|----------|
| Department of Education                                       |          |
| · Cash shortages at schools                                   | \$1,820  |
| Department of Finance   |          |
| · Cash shortages at various revenue offices                   | \$2,789  |
| Department of Health and Community Services                   |          |
| · Use of Medicare services by ineligible persons              | \$27,357 |
| · Cash shortages  | \$1,510  |
| Department of Human Resources Development                     |          |
| · Cheques cashed by persons not eligible to receive the funds | \$54,464 |
| Department of Justice   |          |
| · Cash shortages  | \$2,241  |
| · Shortage due to loss of bank deposit                        | \$9,200  |



Department of Transportation

- Amounts fraudulently billed to the Province \$11,088

Payroll

Retirement Allowances

2.348 Our audit of payroll included an examination of employment terminations. One termination we tested involved a community college instructor whose term contract expired. He received a retirement allowance under the provisions of his collective agreement. He was then immediately rehired for another school year. The appropriateness of this payment appears to rest on the definition of the word “terminated”. Since this employee had worked under a series of yearly contracts (and continued to do so after receiving the allowance), we questioned whether he was in fact “terminated.” We also noted that the Department of Advanced Education and Labour had not amended the retirement allowance service date on the employee’s file. This could result in the employee receiving double payment of a retirement allowance in the future.

2.349 The Department of Advanced Education and Labour acknowledged the difficulty in interpreting the specific clause in the contract dealing with retirement allowances. However, it indicated the present arrangement is acceptable to all parties involved, and allows the retirement allowance to be charged to the appropriate client. The Department agreed that the service date of employees receiving a retirement allowance should be updated, and indicated that this is now being implemented.

2.350 During the year, the Pensions and Insured Benefits Branch issued a revised retirement allowance form to be used for all retirements of non-bargaining personnel occurring after 30 September 1994. The new form calculates the allowance based on five days’ pay per year of continuous employment compared to the old form which provided for five working days’ pay per year of continuous employment. This brings the interpretation of the non-bargaining policy into line with the provisions of current contracts for unionized employees. The result is that retirement allowances calculated using the new form are less than if they had been calculated using the old form.

2.351 We examined a limited number of retirement allowances calculated around the time of the change, and noted inconsistencies in the use of the new form. We brought these to the attention of the Department. The Department indicated that “in cases where employees had applied and been quoted

retirement allowances on the old form, the previously quoted rate was honoured.” We found one instance when this was only done following an enquiry by the retired employee.

#### File documentation

2.352 We noted inconsistencies between departments in the documentation contained in employee payroll files. We recommended minimum standards for employee file documentation be established. The Department of Finance plans to study this issue in the current year.

#### Travel Expense Claims

##### Background

2.353 An important aspect of government accountability is ensuring reasonable amounts are claimed for travel expenses. Governments should be expected to develop and maintain adequate policies to facilitate this accountability process.

2.354 Last year, we performed a review of deputy ministers’ expenses. In our Report last year, we made six recommendations. We were advised by the Department of Finance that our recommendations would be adopted and reflected in a revision to the expense claim form as well as in changes to the Senior Executive Travel Policy. A committee was formed to do this.

2.355 We have seen a draft of the revised expense claim form. In our opinion, this still requires further modification. We are not aware of any action to revise the Senior Executive Travel Policy.

2.356 This year we examined travel expenses of ministers and their executive assistants. Our examination is complete and the recommendations we are making for ministers and their executive assistants complement those we made last year for deputy ministers.

2.357 Last year we reported that the Province has two policies applicable to deputy ministers, the Senior Executive Travel Policy and the General Travel Policy. There are two policies that govern the allowable travel expenses for ministers, the Executive Council Policy and the MLA Policy. Executive assistants to the ministers must comply with the General Travel Policy and the Rental Accommodation Reimbursement Policy.

##### Scope

2.358 We examined expense account claims of ministers and their executive assistants to determine compliance with the respective policies which govern them. We tested claims to ensure that:

- claims were properly approved;
- the accommodation allowance claimed was properly supported;
- the Fredericton subsistence per diem and constituency per diem claims were reasonable (ministers only);
- the meal expenses claimed were reasonable;
- the business meetings/entertainment expenses claimed were reasonable and properly supported;
- the amounts claimed contained no item specifically excluded by policy;
- the air travel claimed was properly supported;
- the hotel rates claimed agreed to the government directory;
- other eligible business expenses were reasonable and properly supported;
- account coding and mathematics were correct; and
- forms were properly completed and filed within a reasonable time frame.

## Observations and Recommendations

2.359 Ministers are the most accountable of all public servants. They must not only answer to their colleagues in the Legislative Assembly but they must also answer directly to the media and the public. Ministers play a significant role in establishing government policy. They do this through the Policy and Priorities and Board of Management Committees of Cabinet as well as Cabinet itself. If these Committee decisions require further approval of the Legislative Assembly, it is a minister who must introduce and defend the proposal at a session of the Legislative Assembly.

2.360 The observations we made are confined to the claims process and the relevant expense policies and claim forms. There were no other findings of significance for us to report.

2.361 We recommend that the various travel policies for ministers, executive assistants to ministers and deputy ministers be reviewed to make them consistent, whenever possible, and to establish one stand alone policy for each group rather than two.

## Approval of Travel Claims

2.362 When a travel claim is submitted the claimant must sign it giving the following attestation “I (claimant) certify that the foregoing is a true and correct statement of my expenses incurred on government business.”

2.363 However, the form does not provide a similar attestation for spending and payment approvals. Spending approval provides authority to incur expenditures against a budget, and signifies the validity of the amounts. Payment approval authorizes the requisition of a cheque, and signifies the accuracy, authenticity and legality of the payment.

2.364 We recommend that the person providing spending or payment approval sign the form and give an attestation to reflect the value they are adding to the process.

Who should provide the approvals?

2.365 We asked this question last year. The policy requirements for approval are not specific. It would, for example, seem logical that the ministers provide spending approval for their executive assistants as they direct and have knowledge of what they are assigned to do. On the other hand, it is not so easy to determine who should give spending approval for ministers or their deputies. Payment approval for each of the three categories of persons requires a senior person with knowledge of the various policies.

Modification of Travel Claim Form

2.366 The travel claim form needs to be modified to provide space for approval attestations. It also needs to have adequate space for the claimant to comply with policy. For example, there should be space clearly designated for disclosure of the purpose of all business meetings/entertainment expenses as well as the number of persons attending.

Account Coding

2.367 Proper coding of expenditures is an important aspect of budgetary control. However, our testing revealed inconsistencies in how expenditures were coded.

2.368 We recommend that the Office of the Comptroller formalize coding procedures related to common expenses. This could be accomplished by documenting a description of the types of expenses that should be coded to each account. The documentation could be updated and distributed each year with the account code index.

Other matters

2.369 Some policies allow payments based on predetermined fixed amounts (per diems) instead of actual costs incurred. The amounts that are prescribed for per diems should be reviewed on a regular basis. For those persons who are allowed to claim actual travel costs, the policy should be clear that receipts are required.

2.370 The General Travel Policy requires that claims be submitted within forty-five days of completion of the trip. The Executive Council Policy requires claims to be filed within thirty days from the end of the month in which the expenditures were incurred. Delay in filing claims results in costs of travel not being recorded promptly, making the control of expenses more difficult. A policy of timely submission of documentation also reduces the risk that backup will be misplaced or unavailable when a claim is submitted. This requirement should be standardized.