

Chapter 14

Follow-up on Prior Years' Audit Work

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Follow-up on Prior Years' Audit Work

Department/agency progress reports

14.1 As part of our ongoing work, we normally follow up on major broad scope audits in subsequent years. This year we requested progress reports on the following four audit projects discussed originally in our 1994 and 1995 Reports:

- Department of Advanced Education and Labour (1995)
- Department of the Environment (1994)
- Department of Justice (1995)
- New Brunswick Geographic Information Corporation (1994)

14.2 This chapter of our Report contains, in italics, the organization's own assessment of its progress in addressing our recommendations. We plan to carry out a review of these progress reports during 1997.

Department of Advanced Education and Labour

Follow-up on 1995 recommendations

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

14.4 *The intent is still to ensure all sections of the Department, including the NBCC are in line with the corporate planning cycle. The NBCC-Special Operating Agency formed April 1, 1996 has accepted the planning cycle and intends to adopt it. Also a business plan for the NBCC-SOA will be updated on a yearly basis. This business plan will act as the SOA's corporate plan and be linked to the Department's corporate plan. In turn, each of the ten colleges will have individual business plans linked to the SOA plan and the Department plan.*

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

14.6 *The Department continues to move toward coordination of distance education activities. A position in the TeleEducation-NB is dedicated to coordination and elimination of duplication. As the Virtual Campus becomes a reality, some of the issues surrounding cooperation and coordination with the private sector in the delivery of courses on-line will be addressed. TeleEducation will be integrated with the Virtual*

Campus with strong representation from the private sector and clearly defined outcomes will be identified.

14.7 We recommended that the Department implement procedures to ensure all private trainers that require registration under the Trade Schools Act are complying with the Legislation.

14.8 An additional consultation with Industry occurred on June 25, 1996 to discuss alternative structures for the proposed statutory corporation. It is anticipated that amendments to the Trade Schools Act will be introduced during the next sitting of the Legislature, with implementation expected early in 1997.

14.9 When responding to the 1995 Report of the Auditor General, the Department had indicated that it was not administratively nor economically feasible to register all Private Training Institutions.

14.10 Currently, Operators are being monitored and if necessary contacted and advised that failure to comply is a violation of the legislation and may result in legal action being taken. To date, this action has resulted in more schools being registered. Although the Department has had reasonable success with this approach, it is anticipated that the new legislation will further improve compliance with registration requirements.

14.11 We recommended that the Department implement a process which will ensure a high quality of private training is maintained in New Brunswick.

14.12 The Department feels that quality is a matter of contractual obligation between the student and the training provider. It is critical that both parties understand the significance of their involvement and consequently a new Student/Training Organization Contract is being proposed.

14.13 This will contain many statements that will clearly define responsibilities, deliverables and expectations. The consumer will receive more pertinent information and be in a better position to make an informed decision on quality issues prior to making a commitment to a particular Training Organization.

14.14 We recommended 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.

14.15 The Department had two indicators accepted by the Board of Management earlier in 1996. Both these performance indicators were related to the NBCC. These indicators were: 1) Percentage of individuals

who graduate from NBCC. (Target: 77% by 1999); 2) Percentage of graduates who find employment. (Target 80% by 1999). Additional indicators have been developed and will be submitted to the Board of Management in mid-November

Department of the Environment

Follow-up on 1994 recommendations

Clean Water Grants Program

14.16 We recommended that DOE establish clearly defined, written and measurable goals and objectives for the Clean Water Grants Program. DOE should review and update the relevant portions of their strategic plan as a part of this process.

14.17 The Section has implemented an extensive re-orientation of the Program, which sees provincial contributions to regular municipal water and sewage projects fall from funding levels of 70 - 80% to 33%. Similarly, projects relating to amalgamation and regionalization of services have been reduced to 50% Provincial contribution.

14.18 A policy document outlining program goals and objectives was prepared by staff of the Section and the Policy and Intergovernmental Affairs Branch. The "NBDOE Policy on Clean Water Grant Program and Municipal Water and Wastewater Efficiency" was prepared following Cabinet approval on July 31, 1996.

14.19 The Cabinet Memorandum laid out proposals for the above changes in capital assistance levels and other criteria, including that preference will be given to the collection and treatment of wastewater over the provision of water.

14.20 Applications to the Clean Water Grant Program are still made in the form of a letter to the Minister, and specific project criteria are presented in municipal engineering documents including plans, specifications, and other municipal representations. A scoring system for these projects, the "NB Clean Water Grant Program - Project Screening and Evaluation Matrix" has also been developed.

14.21 The various policy and administrative changes are putting New Brunswick's municipal utility systems on the path to self-sufficiency and financial sustainability. This will break the cycle of dependency on senior governments that has persisted over the last several decades.

14.22 The majority of capital requirements have been met for New Brunswick's water and wastewater infrastructure. Municipalities have much more capability to administer, operate and maintain their systems. The current policy initiative addresses the final component to the goal of municipal financial sustainability - that "true cost pricing", "user - pay", and "pay as you go" philosophies be adopted by municipalities through their water and sewage user rates.

14.23 **We recommended that the Province encourage municipalities to develop plans and strategies to support the long-term financial sustainability of their water and sewage systems.**

14.24 *Please refer to the policy and administrative initiatives implemented for the previous Recommendation.*

14.25 **We recommended that the Department encourage the efficient use, treatment and disposal of water and wastewater by New Brunswick residents and municipalities.**

14.26 *NBDOE chaired the Canadian Council of Ministers of the Environment (CCME) in 1995, and one of the major emphases of CCME in that year was Water Use Efficiency.*

14.27 *The "NBDOE Clean Water Grant Program - Project Screening and Evaluation Matrix" lists "water use efficiency proposals" as one of its nine (9) major criteria with a weighting factor of 8, making water use efficiency the second most important factor in the department's evaluation of project proposals.*

14.28 *The Clean Water Grant Program has a special category for Water Metering which is used to assist municipalities with metering programs. For municipalities with critical water quantity issues, the result of the 1996 - 97 program is expected to demonstrate the impact of water metering on conservation and critical shortage/demand periods, as well as the administration of local metering programs through the new integrated computer network now in place among the smaller municipalities, because administrative capability/reluctance has been a major obstacle to metering programs in smaller municipalities.*

14.29 *Numerous other initiatives in water use efficiency have been undertaken by Departmental staff, as part of our daily input to municipal projects and policy.*

14.30 **We recommended that the project selection criteria for the Clean Water Grants Program be revised so that they will be sufficiently detailed to enable the Department to select projects that best meet program goals and objectives.**

14.31 *As per the response to Recommendation 14.25 the "NBDOE Clean Water Grant Program - Project Screening and Evaluation Matrix" provides project selection criteria that are sufficiently detailed to enable the Department to select projects that best meet program goals and objectives. The aforementioned policy paper adds to the ability of the Department to address current goals and objectives.*

Solid Waste Management Program

14.32 **We recommended that DOE pursue legislative changes and the development of regulations to ensure improved accountability of the Commissions.**

14.33 *The recommendations made in the 1994 Report 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.*

14.34 *The legislative changes have been made. An Act to Amend the Clean Environment Act was proclaimed in August 1995. This made the Commission more accountable to their clients. Also, the Regional Solid Waste Commission Regulation under the Clean Environment Act came into being in February 1996. This Regulation covers voting procedures, conflict of interest, financial reporting and acceptance of waste requirements for Solid Waste Commissions.*

14.35 **We recommended that DOE and DOT develop a comprehensive plan for the closure and remediation of dumpsites and landfills on a priority basis in an effort to minimize both costs and environmental damage.**

14.36 *The Department of the Environment, as Regulator, is working closely with the Department of Transportation, as Operator of the greatest number of dumpsites in the Province, to harmonize the implementation of the dump closure program at all dump and landfill sites (165) which have closed since 1991. At the end of fiscal 1996-97, all of these municipal sites will have been technically evaluated and will carry out permanent closure activities at the environmentally appropriate level of effort within an agreed schedule. Evaluation of the similar group of NBDOT dumpsites, typically representing 44% of the total, will be completed by the end of 1997-98. Actual closure effort will be appropriately scheduled for completion by December 2000. Collaboration between the municipalities, NBDOT and NBDOE in addition to the acquisition and development of a relevant "hands on" site information pool has resulted in reduced costs for site evaluation and closure.*

14.37 *Forty-five (45) dumpsites, closed between 1982 and 1991, will be screened to current standards and permanently closed by 2002. Two hundred (200) abandoned dumpsites closed prior to 1982 will be screened to current standards and permanently closed by 2004. Relevant data collection is on-going.*

Beverage Containers Act

14.38 **We recommended the Department require Encorp to provide an audited summary report on container sales.**

14.39 *Encorp's Board of Directors resisted invoking the section of distributor agreements that requires an audited report of sales.*

14.40 *As a result, the Department must resume random audits of distributors to ensure sales reports are accurate.*

14.41 **We recommended that the Department develop a written policy on the retention of unredeemed deposits.**

14.42 *The policy on unredeemed deposits is under review and will be re-established in writing at the end of the program's first five years ending May 31, 1997.*

14.43 **We recommended the Department require Encorp to provide an audited report verifying the redemption rates of the containers for each fiscal period.**

14.44 *The Department is satisfied that the data on redemption rates provided to Department of the Environment is accurate and verifiable.*

14.45 **We recommended that the Department continue to work with the beverage industry in finding a solution to the cross-border shipment of returnable containers.**

14.46 *The introduction of the Beverage Containers Program by the Government of Nova Scotia on June 1, 1996 eliminated the major source of the problem of trans-shipment of containers into New Brunswick.*

14.47 **We recommended the Department establish a monitoring process to ensure the distributors manage the recyclable material in accordance with their approved plans.**

14.48 *Distributor agents Encorp and Rayan have not been forthcoming in providing information to verify sales of materials. Department of the Environment will continue to ensure the information is provided in satisfactory detail.*

14.49 **We recommended DOE publish an annual report for the BCA program in compliance with the Beverage Containers Act and the government's policy on annual reports.**

14.50 *Section 4(8) of the Beverage Containers Act states that the Minister is required to submit a report to the Legislature each year which details a) the distributors' compliance with plans submitted under subsection (3), and b) the refilling and recycling of beverage containers in the Province.*

14.51 *These reports have been made to the Legislature by the respective Ministers in the fall of 1992, in 1993, 1994, and in the Spring of 1995 in conjunction with the launch of the dairy pilot project. While there is also reference to the program in the department's annual report, this form of reporting is not necessarily in keeping with the requirements stipulated in the Beverage Containers Act.*

**Analytical Services
Laboratory**

14.52 **We recommended that the Lab's business plan develop strategies for achieving self-sufficiency. This would include dealing with the following issues:**

- **conflict between self-sufficiency and non-competition with private labs;**
- **strategies to bring the Lab to planned capacity; and**
- **policies for dealing with equipment utilization and disposal.**

14.53 *In keeping with the business plan for the laboratory, the lab continues to pursue the goal of self-sufficiency through the creation and expansion of new and existing market areas. In the two years since the VFM audit, the lab has experienced an average growth rate of 15% per annum in sample loading. The lab's accreditation with the Standards Council of Canada (SCC) and association with the Canadian Association of Environmental Analytical Laboratories (CAEAL) Inc. has been an important feature in attracting new business within the Atlantic Region.*

14.54 *The issue of competition between private sector labs in the province and the provincial lab remains unchanged. The principle market area which is affected by this situation is the municipalities portion of the Clean Water Act. Recent modifications to sampling plans have reduced analysis requirements for many municipalities and have decreased the impact of this program on overall lab revenues.*

14.55 *As mentioned in the previous VFM update, the procedure for disposal of old equipment is accomplished through the Department of Supply and Services. Equipment which has become obsolete but is still in good working order can frequently be returned to suppliers for credit toward the purchase of new instrumentation.*

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

14.57 *The status of the lab's efforts in this area remains unchanged from the previous VFM update pending the completion of the federal reorganization. The federal lab in Dartmouth was closed last year due to budget reductions and it appears the same will occur with the federal lab in St. John's. This will leave the new lab in Moncton as the only federal environment lab in Atlantic Canada. Reorganization of lab personnel has not yet been finalized. Until such time, the Moncton lab will be unable to assess their resource capabilities and how our labs can work together.*

14.58 **We recommended that as part of the business plan for the Lab, DOE include the option of contracting excess capacity at the Lab to other jurisdictions.**

14.59 *The steady increase in sample volume experienced over the past two years is quickly eroding any excess capacity the lab may have had. The lab continues to provide testing services for the province of Newfoundland and Labrador and has recently added Health Canada to its client base. Additional business development areas with Environment Canada and the Department of Fisheries and Oceans are currently being explored.*

Environmental Trust Fund

14.60 **We recommended that a formal program evaluation be carried out on the Environmental Trust Fund. This process should also include a clearer and more measurable definition of its goals and objectives and an examination of alternative program delivery options.**

14.61 *The Premiers Round Table on Environment and Economy has struck a Standing Committee to make recommendations to Government on the present administration and use of the funds and its relevance to Round Table objectives. The Standing Committee has received a copy of the Auditor General's report and will consider it as part of their report. The Committee will be reporting to the Round Table in May, 1997.*

14.62 **We recommended that a public annual report be prepared on the operations of the Environmental Trust Fund and the results being achieved by completed projects.**

14.63 *The expanded reporting of the Fund's activities in the Department's 1994-95 Annual Report is intended to meet the intent of this recommendation.*

Sustainable Development

14.64 **We recommended that the provincial departments and agencies report on the degree to which they are complying with environmental legislation, policies and directives. Further, they should report on the adequacy of systems and controls used to ensure compliance and to manage environmental risks.**

14.65 *Did not respond.*

14.66 **We recommended that over the next two years the government commit to developing a draft reporting mechanism for monitoring New Brunswick's progress towards sustainable development.**

14.67 *Did not respond.*

**Department of Justice
Court Services Division***Follow-up on 1995
recommendations*

14.68 **We recommended 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.**

14.69 *Expenditures for all programs are available through FIS.*

14.70 *Each Business Case under NBIJ requires costs and benefits to be identified. A project will not proceed unless there are savings. There are also several levels of review before a project is approved. The Comptrollership function is also responsible to monitor each initiative.*

14.71 **We recommended 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.**

14.72 *The data is currently being reviewed in order to complete the update. NBIJ will have a direct impact on many of the recommendations, although the extent of these impacts have not been clearly identified.*

14.73 **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.**

14.74 *The issue of responsibility for court security has been very important to the Department and discussions are ongoing. The intent is to identify the most cost effective model, especially in relation to the three largest municipalities.*

14.75 *We agree that an independent review of the 1992 study is desirable but do question the independence of the RCMP given they did the original report.*

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

14.77 *This is an important aspect of justice in the Province and new and innovative ways of providing services continue to be pursued. Examples of this are the NBIJ fast tracking of Small Claim reform and the Child Support Guidelines initiatives.*

14.78 **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.**

14.79 *Standards have been developed which need to be formally approved. As noted, costs to the Department of Justice are not the only consideration.*

14.80 **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.**

14.81 *With NBIJ a great deal of information will be available to carry out these functions.*

14.82 *The Department is constantly striving to make better information available to managers. For example, we are in the process of giving managers on-line access to FIS.*

14.83 **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.**

14.84 *Training was carried out during the Spring of 1996. In conjunction with this training policies and procedures were released.*

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

14.86 *Cash handling training was provided to Court Services in the Fall of 1995. The importance of bank reconciliations was emphasized at that time and we noted a marked improvement in the timeliness and accuracy of completion. The Financial Services Branch monitors this process monthly.*

14.87 **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.**

14.88 *Steps are being taken to reduce the redundancies. One Court has already eliminated duplication of effort between MAES and ledger cards. Other Court locations should be doing the same in the near future.*

14.89 **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.**

14.90 *The Police Forces are actually responsible for executing the warrants once they are issued. In most cases the Courts provide the police with outstanding warrants reports on a regular basis to make them aware of them.*

14.91 *We are also trying to develop alternatives to the Warrant of Committal as a tool for collection.*

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

14.93 *One of the key visions of NBIJ is to make this a reality. Such things as debit cards, credit cards, kiosks, ABM payments, direct payments and direct deposits will be given full consideration.*

14.94 **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.**

14.95 *The Department is presently undertaking a project, in conjunction with NBIJ, to collect outstanding fines. We hope to have a pilot in operation by the end of calendar 1996.*

New Brunswick Geographic Information Corporation

Follow-up on 1994 recommendations

14.96 **The Corporation should monitor the dispersion of individual ratios of assessed values to sale prices.**

14.97 *Corporation undertakes assessment/sales analysis annually including dispersion analysis consistent with standards of the International Association of Assessment Officers.*

14.98 **NBGIC should take steps to eliminate discrepancies that exist between the non-residential market values and assessed values. This could include shifting some of its resources from the residential sector to the non-residential sector.**

14.99 *A number of measures have already been taken, or are underway:*

- *Strengthened Headquarters' staffing*
- *Resource centre established*
- *Province-wide assessment reviews of key properties*

- *Establishing two task forces - commercial and industrial to focus on such properties*
- *Developing new assessment tools, including a new manual to deal with heavy industry*
- *Enhanced education and training of staff.*

14.100 **The Corporation should review need for increased specialization of assessors in area of non-residential assessing.**

14.101 *As set out in paragraph 14.99 above.*

14.102 **The Corporation should determine the educational requirement needed for each region and develop a plan to ensure these skills are acquired through training, transfer, recruitment or contracting out.**

14.103 *The corporation has already moved to enhance training/ education. Specifically it has dropped in-house education in favour of education sponsored by Professional Association, and leading to professional designation.*

14.104 *Initiation of commercial and industrial task forces is intended to address province-wide need for specialization.*

14.105 **The Corporation should review the priority given to sales analysis to ensure proper attention is given to this procedure on a province-wide basis.**

14.106 *Analysis of sales procedures has been formalized and has been facilitated through the development of software to assist same.*

14.107 *Undertaking sales analysis is now a measured time activity of all assessment staff.*

14.108 *Annual review undertaken of assessment/sales ratio, and dispersion analysis.*

14.109 **NBGIC should examine its PATS computer system to determine if better management information can be obtained in a cost effective manner.**

14.110 *The PATS system is a non-relational data base and modifications are costly.*

14.111 *Management does not believe the benefit of having additional information on causes of Tax base fluctuations would be cost justified.*

14.112 *The objective of assessment is to assess all property in accordance with the legislation - at "real and true" value.*

14.113 **The Corporation should review the referral process to see if it can be made more cost effective.**

14.114 *A review has been completed and the following action undertaken:*

- *Word processing has been utilized to facilitate referral response.*
- *Software Development (ADAM) has been utilized to facilitate extraction of appropriate information on specific properties from our PATS data base.*

14.115 **The effectiveness and appropriateness of the re-inspection program should be reviewed.**

14.116 *Recommendations to amend legislation have been made, with the intent of removing the five-year re-inspection cycle specified in Act. Re-inspection would and should be a function of need, not legislation.*

14.117 **The Corporation should develop guidelines to ensure proper assessment techniques are applied to all properties. It should also provide support in terms of training and computer software.**

14.118 *The cost method is by far the most efficient and cost effective approach to valuation in most cases. Nevertheless, a number of initiatives are directed at ensuring appropriate valuation.*

- *A detailed assessment policy and procedures manual has been completed and distributed.*
- *A standing committee on assessment policy is in place.*
- *Both a commercial and an industrial task force are being established to focus on such properties, and ensure the use of appropriate valuation processes.*
- *Income modeling, and a specialized heavy industry manual, are being developed to assist assessment of such properties.*

14.119 **NBGIC should develop a strategy that would make inspection visits as productive as possible by ensuring assessors gain access to the interior of a property. Options might include scheduling visits or working hours where property owners are more likely to be home.**

14.120 *The Corporation continues to explore possibilities of a degree of self-assessment. However, extending hours of work has proven unacceptable to property owners.*

14.121 **The Corporation should ensure a formal agreement is completed and executed with respect to services provided to government.**

14.122 *An agreement has been concluded for the provision of assessment services to Government.*

14.123 **NBGIC should be given the means to ensure taxpayers receiving tax relief are eligible. Consideration should also be given to transferring this responsibility to an organization with better means of ensuring eligibility.**

14.124 *Responsibility for low income tax relief programs (except appeals) was transferred to the Department of Finance in 1995.*

14.125 **NBGIC should consider making available to the public sales information gathered through the Registry Act.**

14.126 *We agree with this recommendation but have not been successful to date in making the suggested change.*