

Chapter 11

Follow-up on Prior Years' Audit Work

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Follow-up on Prior Years' Audit Work

Background

11.1 Our policy is to track the disposition of our recommendations for a period of four years after they first appear in our Report.

11.2 We do not prepare an update after the first year as we wish to provide the departments and agencies the opportunity to take action. After years two, three and four we prepare a status report, which shows the success achieved in meeting the recommendations. Where recommendations have been accepted and implemented we report on them just once.

11.3 This process corresponds to one of the performance indicators of our Office which reads as follows:

We will measure the extent to which the recommendations which appear in our annual Report are accepted and implemented. The disposition of all recommendations will be tracked for a period of four years.

11.4 In preparing the information in this chapter, we request written updates from the respective departments and agencies. We follow up on these updates by meeting with appropriate officials in each department or agency to review the action described in the updates.

Scope

11.5 This chapter includes an update on our 1997 and 1998 recommendations and for the first time we present an update on our 1999 recommendations. In prior years we concluded that a number of recommendations from the 1997 and 1998 years had been accepted and implemented. These are not carried forward to the 2001 Report.

11.6 There are three types of recommendations that will not appear in this update chapter; those that are accepted and implemented in the same year as the recommendation, those that require no direct action on the part of the department or agency and recommendations that may become irrelevant due to changes in government or government programs.

11.7 The reason some recommendations do not require action is that they are directed to a specific situation or event; for example, the Fredericton-Moncton highway chapter in 1999. For this chapter, the time

is past for the departments to address our recommendations because they relate only to the time during which the process was taking place. While these types of recommendations are not tracked in this chapter, it should be clear that they can have general application to government processes. In the example of the Fredericton-Moncton highway, much can be taken from our recommendations on the decision-making processes. The logical process that we describe can easily be applied to support future decisions.

11.8 This chapter refers to the original recommendations made by our Office and provides a current update. In some cases we do not refer back to recommendations in full detail. So in order to fully understand the issues that gave rise to our original recommendations, it may be necessary for the reader to refer back to the Auditor General's Report where we first discussed the audit and our findings.

11.9 Responsibilities assigned to departments and agencies can change from time to time, as can their names. For the purposes of this chapter, we refer to the department or agency that is currently responsible for the audit area.

Summary of the recommendations addressed in this chapter

Department/Agency	Audit area	1997	1998	1999
Health and Wellness	Air Ambulance	x		
Natural Resources and Energy	Mining Taxes and Royalties	x		
Supply and Services	Privatization	x		
Investment and Exports	Financial Assistance to Business and Performance Reporting		x	
Health and Wellness	Excellence in Education		x	
Health and Wellness	Hospital Corporation Governance		x	
Family and Community Services	NB Case System		x	
Finance	Consumption Tax			x
Environment and Local Government	Tire Stewardship			x
General	Performance Measurement and Effectiveness Reporting			x
Various departments	Contract Administration			x
Various departments	Leasing of Equipment			x
New Brunswick Liquor Corporation	Governance			x
Health and Wellness	Food Safety			x

1997 recommendations

11.10 This is the last year we will be updating the outstanding recommendations from the 1997 Report. It is the third consecutive year in which an update has been presented.

Department of Health and Wellness

Air ambulance

11.11 In our 1997 Report, we made six recommendations as a result of an audit of the air ambulance service that is administered by the Ambulance Services Branch of the Department. Four of the six recommendations have been implemented but there are still two which have not been fully implemented.

11.12 We recommended that clear, measurable objectives be designed for the air ambulance service and linked to the existing air ambulance mandate.

11.13 Although this was not achieved it is still targeted for completion within the next two years.

11.14 We recommended that incident reports and responses to questionnaires be summarized and included in regular reporting to Ambulance Services Branch management.

11.15 Although the recommendation was not implemented, we have been informed by the Department that the incident reports and surveys are now readily available to the branch. This partially addresses the concern we expressed.

Department of Natural Resources and Energy
Mining taxes and royalties

11.16 We made eight recommendations as a result of an audit of revenues received under the *Metallic Minerals Tax Act* and royalties pertaining to potash mining. At present the Department has implemented four of these. Three others have been partially implemented and only one has not been implemented.

11.17 Five of the eight recommendations related to potash mining leases and royalties. The only one that had not been implemented to date dealt with improving cash flow by requiring monthly rather than quarterly payments from potash producers. Although the Department agreed with the recommendation and attempted to make this change, the company involved did not agree to the revision in the lease negotiations.

11.18 Three of our recommendations related to the *Metallic Minerals Tax Act*. None of these have been implemented to date but, as stated in past years, the Department agrees with the recommendations and is taking steps to implement them. The legislative changes which are necessary to implement the changes were first expected for the 1998 fall session. However they are still in draft form.

Department of Supply and Services
Privatization of the Data Centre

11.19 In our 1997 Report, we made five recommendations as a result of an audit of the government's decision to privatize its data processing facility (Data Centre). Three of these recommendations were accepted and implemented while two of them have not been addressed to our satisfaction as yet. In both cases however there is evidence of departmental activity which may lead to a satisfactory resolution.

11.20 We recommended the Department of Supply and Services ensure the Consortium bring the Data Centre in line with control requirements set out in the chartered accountants' report.

11.21 The latest report from the Department is that it is continuing to move towards addressing the issues identified for improvement. However the recommendation has not been implemented to date.

11.22 Two significant issues are still outstanding, relating to the Data Centre's control procedures. The first is that the Data Centre is unable to obtain assurance that its security procedures surrounding the processing of transactions meet acceptable industry standards. The security system was developed in-house by the government more than twenty years ago. The second is that the Data Centre does not have a Disaster Recovery Plan that would enable it to continue to provide services to the government in the event of a major disruption. The Department has indicated that, because of the costs involved, these situations are unlikely to change in the near future.

11.23 **We recommended the Department of Supply and Services take advantage of provisions of the agreement that transfer up to 15% of the mainframe personnel resource costs annually from mainframe to client server environments or re-negotiate this part of the agreement if necessary.**

11.24 The Department informed us that they are shifting resources whenever it is possible but it is difficult to measure the transfer of resources as it depends on the main frame activity at the time.

1998 recommendations

Department of Investment and Exports

Financial assistance to business and performance reporting

11.25 We are updating the recommendations we made in our 1998 Report for the second time. A detailed update was first presented in our 2000 Report.

11.26 In our 1998 Report, we made twenty-two recommendations as a result of an audit of the Department's Financial Services section. This section provides financial assistance to business. We also made seven recommendations designed to help the Department to enhance the effectiveness of its performance reporting.

11.27 Our review of the status with the Department shows that, to date, two recommendations have been implemented, fourteen have been partially implemented and the remainder are not implemented.

11.28 The majority of the recommendations relate to the Financial Services Section. The Department agrees with our recommendations but in general there has been little change since we made the recommendations. Two of the recommendations were adopted in 2000. None were implemented in 2001, but some progress was made.

11.29 The Department has indicated that the policy and procedures manual is nearing completion. Its successful completion will deal with a number of our concerns. However it is important that the matters raised in our Report are both reflected in the manual and complied with.

11.30 The Department reports some improved practices in response to our recommendations but without the guidelines in the manual it will be difficult to sustain the improvements.

11.31 The seven recommendations concerning performance reporting were made to the Department of Economic Development, Tourism and Culture, a department which no longer exists. However in spite of the organizational changes that have taken place in government, we continue to emphasize the importance of performance reporting and we will track the progress of the new Department in meeting our recommendations.

11.32 The staff contacted agree with the recommendations on performance reporting. They are currently reviewing information leading to compliance with the provincial annual report policy. Some minor improvement was noted in their past year's report. Key results are being identified and strategic objectives are said to be near finalization for inclusion in the mandate. In general the work is preliminary in nature and none of our specific recommendations have been implemented.

Department of Health and Wellness

Excellence in Education

11.33 In our 1998 Report, we made one recommendation as a result of our audit of the government's response to the recommendations of the Commission on Excellence in Education.

11.34 We recommended that the results of the evaluation of the Early Childhood Initiatives be tabled in the Legislative Assembly. This recommendation has not been implemented.

Department of Health and Wellness

Hospital corporation governance

11.35 In our 1998 Report, we made six recommendations to the Department relating to its responsibilities in the area of hospital corporation governance and accountability. Last year we reported that the Department had adopted three of these recommendations. There are still only three that have been implemented.

11.36 One of the remaining recommendations was that the Department should provide the hospital corporations with long-range budgets to facilitate board strategic and operational planning. Also that Boards should be given the opportunity to provide input into this long-range budgeting process. Nothing has been done to date but the Department indicated that this will be addressed with the introduction of a Regional Health Authority governance structure.

11.37 We recommended that the Minister/Department require the regional hospital corporations to develop performance indicators for their strategic objectives and set annual targets for each performance indicator identified. The Minister should approve these performance indicators and targets. The Minister/Department should also consider setting standard performance indicators for all regional corporations where considered appropriate. These could be used for comparative purposes.

11.38 In response to this recommendation the Department has undertaken the development of what is known as a “balanced scorecard” for measuring performance of the regional hospital corporation system. Four key areas of measurement are identified. This process should be completed by 31 March 2002. However this initiative only partially addresses the recommendation.

11.39 The Minister/Department still does not review and formally approve the strategic plans of the regional hospital corporations before they are adopted.

Department of Family and Community Services

NBCase system

11.40 One of two recommendations remain outstanding from an audit conducted on the implementation of the Department’s automated NBCase system.

11.41 We recommended that the Department prepare a full-cost analysis of alternative methods of operating and maintaining the NB Case system. We suggested the analysis should be prepared prior to the expiry of the agreement with Andersen Consulting.

11.42 As reported last year the Department chose to extend its maintenance contract with Andersen Consulting for two years. A full-cost analysis was not conducted at that time and to date there has been none conducted in preparation for the termination of the two-year extension.

1999 recommendations

Department of the Environment and Local Government

Tire stewardship

11.43 The 1999 recommendations are being updated for the first time.

11.44 The environmental dangers associated with storage or disposal of automobile tires are well known. We examined the planning and implementation aspects of the Tire Stewardship Program in New Brunswick. We also examined the operation of the program up to 31 March 1999. A total of eleven recommendations were presented to the Department of the Environment and Local Government at the conclusion of the audit.

11.45 We recommended the Department and the (Tire Stewardship) Board develop a timed action plan to clean up all remaining tire stockpiles.

11.46 We recommended the Department ensure the Board finalizes and submits a business management plan as soon as possible.

11.47 We recommended the Department explore the possibility of requiring the Board to provide more documentation of the monitoring function.

11.48 We recommended that the Chairman advise the Board on the importance of preparing written terms of reference for audit

engagements for the purpose of verifying compliance with selected aspects of Regulation 96-82.

11.49 We recommended that an engagement letter be obtained for each of these audits. The engagement letter should indicate the Board's reliance on the audit to ensure all suppliers hold valid registrations.

11.50 We recommended the Department ensure the Annual Report of the Board for 1998 and future years follows the provisions of Section 14 of the Regulation.

11.51 We recommended the Department include a contingency plan as a requirement to operate the scrap tire storage yard.

11.52 Since the Fire Marshall has special expertise in fire prevention and fire fighting matters, we recommended the Department and the Fire Marshall co-operate in assessing the appropriateness of the contingency plan.

11.53 These eight recommendations have already been implemented by the Department.

11.54 The remaining three recommendations have not been implemented and they are explained below.

11.55 We recommended the Tire Stewardship Board initiate a study to analyse the issues surrounding the growing liability for accrued processing fees.

11.56 No study has been prepared to date. However the Department informed us that the number of tires and the corresponding liability are declining.

11.57 We recommended the Department and the Fire Marshall develop a comprehensive plan that identifies who will inspect Tire Recycling Atlantic Canada Corporation (TRACC) for the various legislated and contractual requirements.

11.58 We recommended that the Department and the Fire Marshall work together to co-ordinate the scheduling, reporting and corrective action of all inspections of TRACC as required.

11.59 No written plan has been prepared. However there is some evidence that there may be an informal understanding between departments as to their responsibilities.

Department of Finance
Consumption Tax

11.60 Due to the replacement of Consumption Tax with Harmonized Sales Tax, we wanted to ensure that the assessment and collection

activities were not scaled back before adequately addressing the unassessed and uncollected taxes receivable. We reviewed the economy and efficiency of the accelerated efforts to identify unassessed provincial sales tax and to collect outstanding sales tax. We also reviewed whether the Department had established and reported satisfactory performance measures for these areas. Nine recommendations resulted from this work. As we explain below, four of these have been adopted so far.

11.61 We recommended the Department increase its disclosure in its annual report to include a comparison of budget to actual revenue and accounts audited. In addition, the Department should present the cost/revenue payback ratio for the Consumption Tax audit program.

11.62 We recommended that the Department's collections information system provide quick access to suggested priorities, courses of action and pertinent account information.

11.63 The Department reported that these two recommendations have been implemented.

11.64 We recommended that the Department maintain a listing that indicates who is responsible for collection activities on each receivable account on a monthly basis.

11.65 The recommendation has been implemented.

11.66 We recommended that collection procedures be clearly prescribed and documented. Deviations from these should be explained and immediately brought to the attention of management. Circumstances that influence the granting of payment arrangements and the forgiveness of penalty and interest should be clearly defined.

11.67 The recommendation has been implemented.

11.68 Formal objectives for the collection activity should be established. Measurable goals such as cost per dollar collected and percentage collected for the collection program should then be established, monitored, and reported. Results should be used to optimize resources dedicated to this task. These goals should be used to establish work plans for the collectors. Regular performance appraisals for the collectors should be done with reference to these work plans.

11.69 Work is under way in implementing this recommendation.

11.70 Write-offs of uncollectable accounts should be made more promptly to enhance accountability and improve financial reporting.

11.71 The Department is working towards the write-off of these accounts.

11.72 We recommended that the Department provide better disclosure of revenue by source in the Public Accounts and Main Estimates.

11.73 The Department disagrees and will not be implementing this change.

11.74 We recommended that the Department determine what the minimum rate of return per audit dollar spent should be and continue the special audit effort until this target is met.

11.75 The special initiative was halted in June of 1999 so it is apparent that the Department will not be implementing this recommendation.

11.76 The Department should maintain a vendor hold on all accounts that have been written off.

11.77 The Department did not adopt this recommendation.

Performance measurement and effectiveness reporting

11.78 In 1999 we examined the development of performance measurement and effectiveness reporting by the Province of New Brunswick over the ten-year period beginning in 1989. The year 1999 was significant because it marked the tenth anniversary of our Office's effectiveness reporting mandate and also the tenth anniversary of the Province of New Brunswick's first annual report policy.

11.79 We made one recommendation from our review of departmental annual reports. This was a key issue that was first raised in our 1995 Report. We believe that to assist the readers of annual reports, each annual report should discuss how it complies with the requirements of the annual report policy.

11.80 We recommended that the annual report policy be revised to include direction that each annual report should indicate how it complies with the policy.

11.81 No change has been made to the annual report policy to address the issue of disclosure of compliance with policy. We have committed to an awards process for each of the next three years to encourage compliance with the policy. Over this period, we may identify additional areas that the Province may want to consider in any future policy review.

Contract administration

11.82 It was readily apparent from our work and our findings in our 1997 and 1998 annual Reports that contracts between the Province and its suppliers are very important. More and more services were being delivered by the private sector and many contracts have lives extending

over multiple fiscal years. The objective of this audit was to determine what systems were in place to ensure contracts were being administered in accordance with negotiated terms and conditions. We examined eight departments in making this assessment.

11.83 We then extended our work to examine the process in more detail. We set two further goals for ourselves. We determined the extent to which contract performance was monitored and reported and the extent to which contracts deliver what was agreed. Contracts were reviewed in the Departments of Family and Community Services and Supply and Services.

General recommendations

11.84 Government should follow the Financial Administration Act requirement that all contracts be submitted to the Comptroller. If the application of the Act is seen to be impractical or if there is a better way to ensure control is exercised over contracts, then consideration should be given to amending the legislation.

11.85 The Office of the Comptroller responded last year that the Act would be changed to make the departments responsible for maintaining contracts. The change to the Act has been made.

11.86 A registry of contracts should exist at either the responsibility centre or departmental level. This registry should include information on key financial and non-financial undertakings and be organized in a manner which permits effective review and follow-up.

11.87 Based on the limited follow-up we conducted, we found that there is a mixture of practices in the departments but some registries were being used. However there has been no requirement issued that all departments must maintain a registry.

Family and Community Services contracts

11.88 We made nine recommendations to the Department. Five of these are now implemented while another three are partially implemented. Only one has not been implemented.

11.89 The Department should ensure that all contracts are negotiated and signed prior to the contract start date.

11.90 Not implemented. The Department indicated that because budget approvals occur late in the spring, not all contracts can be negotiated and signed prior to the contract start date (e.g. 1 April contracts).

11.91 The Department should review the appropriateness of applying the "Purchase of Service Standards" and its model contract, which links payments to volume, to those organizations for which grant funding is most appropriate.

11.92 The recommendation has been implemented. The necessary changes have been made to the External Services Program Policy.

11.93 Where the model contract is deemed appropriate, the Department should ensure that contracts with suppliers make explicit reference to the effect on payment schedules and amounts should the contractor fail to meet the anticipated volume.

11.94 The recommendation has been implemented. The model contract now makes reference to the impact of not meeting specified volumes.

11.95 The Department should ensure that contracts with suppliers make explicit reference to the effect on payment schedules and amounts should the contractor fail to comply with program standards.

11.96 The recommendation has been implemented.

11.97 Where a purchase of service contract is implemented, the Department should obtain relevant and complete information that can be used to assess contractor performance.

11.98 Partially implemented. A minimal amount of information was obtained by the Department.

11.99 The Department should ensure that the information obtained from contractors for use in assessing performance is reliable.

11.100 Partially implemented. A minimal amount of information was checked by the Department.

11.101 The Department should ensure that the conditions of all contracts formally and specifically request program and financial reporting where such reporting is deemed appropriate.

11.102 The recommendation has been implemented.

11.103 The Department should ensure adequate monitoring is undertaken for interim reporting required by conditions of its contracts with suppliers.

11.104 The recommendation has been implemented.

11.105 The Department needs to implement a more structured, proactive approach to ensure that services being provided by suppliers meet quality and other standards as specified in its contracts. This would include providing regular feedback to contractors on the satisfaction with their services.

Department of Supply and Services

Janitorial services contracts

11.106 Partially implemented. The necessary changes are still at the development stage.

11.107 Four recommendations were made to the Department and all were implemented.

11.108 **The Department should ensure that the nature and frequency of contractor evaluations and the deadline for evaluations is specified within the conditions of future contracts.**

11.109 The recommendation has been implemented. All new contracts include provisions to allow contractor evaluations on a regular basis.

11.110 **The regular use of checklists to document the inspection by the Department of the cleaner's work should be considered.**

11.111 The recommendation has been implemented.

11.112 **The Department needs to implement a more structured, proactive approach to ensuring that services being provided by suppliers meet quality and other standards as specified in its contracts. Using checklists and conducting surveys of satisfaction with the service on a regular basis should form the basis of this approach.**

11.113 The recommendation has been implemented. Regular inspections are now carried out as outlined in the contract.

11.114 **The Department should provide regular, formal feedback to contractors on its satisfaction with their services.**

11.115 The recommendation has been implemented. A written copy of reports is sent to contractors.

Leasing of equipment

11.116 Leasing, despite its attractiveness from a budget perspective, is often less economical than purchasing outright. This is particularly so in the case of the Province where most leasing companies could not match our low rates of financing. We conducted an audit to ensure that leasing decisions were made with due regard to economy and that they were properly recorded in the books of the Province.

11.117 In general there is no disagreement with our recommendations however new leases have been infrequent, making it difficult to verify that there have been changes to departmental processes as a result of the recommendations.

11.118 We directed the following recommendation to four departments as a result of the audit.

11.119 We recommended that in making future lease versus purchase decisions the department comply with the requirements of policy AD-6701.

11.120 According to information available since the date of the audit, all departments have accepted the recommendation. However only one of these departments has subsequently done any leasing.

11.121 Nine recommendations were made to the Department of Education. The following five recommendations have been accepted by the Department, however we were told that no leasing has taken place since the recommendations were made.

11.122 We recommended the Department of Education review the requirements of policy AD-6701 to ensure that the key elements of the policy are complied with in future leasing decisions.

11.123 We recommended that in future lease versus purchase decisions:

- an outright purchase cost be determined for the same asset or assets as specified in the lease proposal;
- the residual value should be based on documented evidence at the time of entering the contract;
- careful consideration should be given to the relative advantages of owning versus not owning and the results should be documented in the files;
- the analyst should use sensitivity analysis to provide an immediate financial measure of possible variances in forecasting;
- other key factors such as the “considered judgement” of the decision-maker should be appropriately documented in departmental records; and
- the recommended decision and the supporting documentation should be subjected to review by an appropriate senior official (or officials) to ensure the numbers used in the present value calculation are adequately supported and challenged, and that the calculation is done accurately.

11.124 We recommended that all lease agreements should provide a buy-out option at a reasonable price. Consideration should be given to such factors as dispute resolution and using an arbitrator to determine fair market value.

11.125 We recommended for future requests for proposals and tenders for leases, that the Department obtain an outright purchase price as one of the options. This would enable the Department to more easily determine and document the appropriate accounting treatment

for the leases. And it would allow the Department to separate the acquisition decision from the financing decision.

11.126 We also recommended that the Department take appropriate steps to ensure that the administrative policy is followed in the future.

11.127 Four other recommendations were made to the Department. One of these has been partially implemented.

11.128 We recommended the Department of Education develop a standard working paper or checklist to assist in the implementation of policy AD-6701.

11.129 This has not been done; however, as mentioned above there have been no new departmental leases.

11.130 We recommended that the Department classify this lease (264 servers and 271 workstations) as a capital lease.

11.131 This was not implemented; however, given the passage of time it would be too late to correct the error.

11.132 We recommended the Department evaluate all its present leases and clearly document its reasons for accounting classification decisions. All three conditions of the administrative policy should be addressed and documented in the exercise. Any changes resulting from the exercise should be discussed with the Office of the Comptroller to determine the impact on the financial statements of the Province.

11.133 This recommendation was not implemented.

11.134 We recommended that the Department develop a plan to deal with both the educational programming and technology replacement issues associated with the expiry of leases within an academic year.

11.135 This recommendation was partially implemented.

11.136 We believe that promoting accountability is the most important part of our work. We also believe that appropriate accountability processes cannot be established in Crown agencies unless effective governance structures and processes are in place and functioning. We conducted an in-depth review of the governance and accountability structures in place at the New Brunswick Liquor Corporation and reported a total of nineteen recommendations at the conclusion of our work.

11.137 The Board agreed with six of the recommendations and they promised to take the necessary action. However the Board disagreed with

New Brunswick Liquor Corporation

Governance

or chose to take no action in response to the majority of our recommendations.

11.138 This year we began the process of reviewing the current status of the recommendations to the Corporation, focusing in particular on those areas where action was promised. However we were informed by the CEO of the Corporation that they would not co-operate with our efforts to prepare an update.

11.139 We were provided with a copy of the resolution from the Corporation's Board of Directors. The resolution read...

... it was RESOLVED that the Board considers the Governance review completed, and that the Corporation Secretary is directed to decline the request for access to Board Minutes and that future reviews of N.B. Liquor records must be conducted in accordance with the relevant section of the New Brunswick Liquor Corporation Act.

11.140 Since we were unable to verify that the promised actions had taken place we are unable to report that any of the recommendations have been adopted as promised or whether any action has been taken to address the other thirteen recommendations.

Department of Health and Wellness

Food safety

11.141 Following our theme of safety we conducted an audit of the systems and practices in place that ensure food service establishments in the Province are complying with food safety standards.

11.142 In total we made thirty-six recommendations to the Department. In general the Department responded positively to the recommendations. However only two have been implemented to date. With six of the recommendations there has been some progress but the remaining 28 have not been addressed.

11.143 The Department informed us that the "Food Program Policy and Guidelines" are under development and are expected to be completed this fall. It was also pointed out that drafting regulations to the Act would take several months but they may be ready for implementation in the fall of 2002. Based on this, we expect to be able to report significant progress next year.

11.144 The following two recommendations have been implemented.

11.145 **The standard licence renewal letter should be amended to include a statement that it is an infraction of the Regulation to operate after 31 March without a valid licence.**

11.146 Six of seven regions are now using an amended letter.

11.147 Stronger efforts should be made to encourage all food service establishments to obtain their annual license by 31 March. The Department should consider implementing a late payment penalty fee for establishments choosing not to pay until after their license has expired on 31 March.

11.148 Virtually all food service establishments achieved this.

11.149 Six recommendations have been partially implemented.

11.150 In an attempt to reduce the risk of the loss of objectivity, the conflict of interest policy should be communicated and monitored. Consideration should be given to ways of reducing the risk of impaired objectivity. We believe that rotating food service establishments amongst the inspectors would be helpful. A quality control/professional review system would be both practical and effective.

11.151 Inspectors have been advised of the policy. Some staff rotation has taken place.

11.152 The inspection function should serve as a means of determining and enforcing compliance with the Act and Regulations relating to food service establishments. Enforcement actions should be used to ensure compliance with the Regulations. The enforcement policy should be updated to reflect the organization's changes - the accountability links and the reporting system. The amended policy should be distributed and monitored.

11.153 The existing directive was brought to the attention of staff and plans are in place for a new policy to be put into place.

11.154 All routine inspections should be unannounced. There should be a valid reason for giving the operator of a food service establishment advance notice of an inspection.

11.155 Routine inspections are now unannounced. Policy clarification is forthcoming.

11.156 Complaints received from the public should be documented upon receipt. They should be investigated within a reasonable period and the results should be documented. The originator of the complaint should be advised within a reasonable period of the findings and the actions taken by the Department.

11.157 Some regions have reported having a complaint-tracking process using an appropriate form.

11.158 We recommended that licensing be used as a means of enforcing the Regulations. The licensing and inspection functions should work together. All new food service establishments should be inspected prior to being issued their first license. Inspection results should be reviewed as part of the annual license renewal process. Revoking a license for not complying with the Regulations should be practiced. To facilitate the integration of the licensing and inspection functions, the Department should consider staggered license expiry dates.

11.159 New food service establishments are inspected prior to licensing and the results of inspections are reviewed prior to licence renewal.

11.160 In the regions, an inspection schedule should be compiled on an annual basis, and updated as needed, to ensure that all food service establishments get inspected. The schedule, and all amendments, should be approved by the Regional Team Manager or Regional Director.

11.161 Some regions have reported having such a schedule.

11.162 All other recommendations remain outstanding.