

Chapter 1

Introductory Comments

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Introductory Comments

Crown lands management

1.1 As I write this chapter, I have just passed the mid-point of my eight-year term as Auditor General for the Province of New Brunswick. This is my fifth annual report.

1.2 A lot of the work we have done over the past four years has centred on certain themes. For instance we have commented on the decision-making process in government, we have examined various governance issues, we have encouraged the use of performance measures and we have emphasized the importance of using departmental annual reports in holding departments accountable. We have also done a number of projects related to the environment and public safety.

1.3 In our work this year we have continued to emphasize some of these themes, simply because they are so important. For instance you will find another decision-making project, two more safety audits, an environmental project and more encouragement for the use of performance measures and departmental annual reports.

1.4 This year we completed phase II of our work under the *Crown Lands and Forests Act*. Our objective was to determine if the Department was carrying out its responsibilities with respect to Crown lands. Last year our work concentrated on private forest lands and received a lot of attention by the media and from representatives of the various groups concerned. We were pleased with this response.

1.5 I believe the work we did this year is significant in two respects. In the first instance it brings attention to our forests, a resource that is important to our economy, the habitat for our fish and wildlife, the recreation of our citizens and even the quality of the air we breath. In order for this resource to be sustainable and to meet the sometimes conflicting objectives of its many users there is a need for measurable goals and objectives. And these must be set in a manner that clearly and adequately addresses the responsibilities of government set out in legislation. Consequently we recommended that the Department establish measurable objectives for the Minister's four major responsibilities for Crown land. Further we recommended that the Department examine the costs and benefits of undertaking a certification process for Crown lands. Public input would be encouraged for both these initiatives.

1.6 The second reason why this work was significant is because it enabled us to examine the quality of information which the MLAs and the

general public are receiving on this valuable resource. Legislators need to be able to determine if our forests are being managed in a sustainable manner. We have always believed that the government's annual report policy is an excellent policy and, if followed, would provide the key information that legislators and the general public need. In the case of Crown lands we found that the departmental annual report lacked sufficient information to show how the Minister performed in fulfilling his four responsibilities under legislation, to develop, utilize, protect and provide integrated management of the Crown lands of New Brunswick. Our findings and recommendations on Crown Lands can be found in Chapter 6.

We encourage the use of departmental annual reports

1.7 The annual report policy of government states that the annual report is "the major accountability document by departments and agencies for the Legislative Assembly and the general public." That is one reason why we placed a lot of emphasis on the annual report in our work on Crown lands. It is also why I have introduced an initiative this year to review all departmental annual reports and to formally recognize the one that best meets the requirements of the policy and that demonstrates a high level of fair and balanced reporting. I have undertaken this project in an attempt to increase the profile of these reports and encourage their use, both by the departments who have a reporting responsibility, and by the legislators who are holding them to account. I have made a personal commitment to undertake this project for a three-year period, and we will be starting with the annual reports for the fiscal year ended 31 March 2001. I hope to recognize the best annual report in early 2002 and I will be using a panel of New Brunswickers to assist my staff in the final stages of the judging process.

Decision-making process

1.8 A lot of what government does must be done simply because of the services that the public demands and legislation dictates. There is little or no discretion. Schools must exist and teachers must be paid. Hospital beds are required and funding must be provided. Roads must be paved and plowed. So it is always interesting to review the process government follows when a decision is made that is discretionary. In other words, when a decision is made to alter a service or incur an expenditure simply because it is the right thing to do, not because it must be done.

1.9 My Office has looked at decisions like this in the past, not from the standpoint of questioning the decision, but by reviewing the process that led up to the decision being made. We fully support a process that results in a search for alternatives to the problem being solved, and then a careful analysis and evaluation of each alternative before one is chosen as the preferred course of action. Professional staff and appropriate specialists should be involved to ensure that the decision-makers receive the best advice possible.

1.10 This year we examined the decision-making process that led to the Voluntary Early Retirement Window (VERW) that was announced on 25 January 2000. An actuary engaged by the government estimated that the

cost of the VERW was between \$64.6 million and \$69.9 million. The results of our work are found in Chapter 4. In summary, we were not able to conclude on whether all the proper steps were taken in the decision-making process. There were two reasons for this. First, most of the identification and analysis of alternatives was undertaken in meetings and there was limited documentation for our review. Second, a key document that went to the Board of Management in support of the decision was not made available to us. While we have made a number of recommendations in Chapter 4, they could be applied by government in any situation where a discretionary decision is being made. And I would certainly encourage this.

Failure to receive information

1.11 Under section 13(1) of the *Auditor General Act*, “the Auditor General shall report annually to the Legislative Assembly...on whether, in carrying on the work of his office, he received all the information and explanations he required.” In two instances this year I did not receive all the information I required.

1.12 The first instance was referred to above and was our inability to see the document that went to the Board of Management in support of the decision to have an early retirement program. The Deputy Minister of Finance informed us that the document would not be provided to us. I did not pursue the issue even though in other audits we have been given such documents and section 12(1) of the *Auditor General Act* gives the Auditor General access to “information, including files, documents and records, that relates to the fulfillment of his responsibilities and such information, reports and explanations as he considers necessary for that purpose.” There were two reasons why I did not pursue this matter. In the first instance, I am aware that the confidentiality of Cabinet documents is a sensitive issue not just in New Brunswick but across Canada. The second reason is that I did not want to devote time and perhaps financial resources to argue a point which perhaps should first be discussed and reviewed by the MLAs, to whom I am accountable.

1.13 The second instance of not being able to obtain required information was due to the Board of Directors of the New Brunswick Liquor Corporation refusing us access to Board Minutes in our attempt to follow up on recommendations made in our 1999 review of governance and accountability structures at the Corporation. This position was made known to me just as we were finalizing our Report (see Chapter 11).

1.14 Now in both situations I believe there are very strong and convincing arguments to be made in support of my right to receive the information and explanations required to fulfill my responsibilities. However, I do not feel that an adversarial position is the best one to take at this time, and the fact that I am to report such instances to the Legislative Assembly suggests that I should hear the views of the legislators before I do anything further. This leads directly to an issue that has been a concern of mine for some time, and that is who do I discuss issues such as this

with? I am an Officer of the Legislative Assembly, but I have no legislative committee to approach on such matters, or on any matter of an administrative nature. I will await direction on how the Legislative Assembly wishes to pursue the two issues I have raised, one being the failure to obtain required information and the other related to identifying a vehicle that would be available to the Office of the Auditor General to address administrative and jurisdictional matters with Legislators.

Protecting the safety of New Brunswickers

1.15 For the past number of years my Office has shown a keen interest in programs which government provides that have a bearing on the safety of our citizens. In 1998 we examined the safety of our ambulances, in 1999 the inspection of food service establishments and last year the quality of our domestic well water. And now this year we are reporting on two audit projects, pupil transportation and high-risk drivers.

1.16 Our objective in reviewing pupil transportation was to determine if the Department of Education has adequate systems and practices in place for the safe transportation of pupils. We found that there are approximately 89,000 children who get on a yellow school bus every school day and another 6,000 who are transported by contracted van, vehicle or city transit bus. The Province has 1,650 owned or contracted buses and employs 1,500 bus drivers. Our findings in pupil transportation (Chapter 3) were similar to those in previous years, in that whether by legislation, regulation or policy the government has put in place an acceptable if not excellent framework to ensure the safety of our citizens, but implementation and monitoring is weak. As a result, the risk of negative consequences increases.

1.17 Our work on high-risk drivers took us into the Department of Public Safety. In doing this work we had two objectives, one to determine if the department has a system in place to identify and respond appropriately to high-risk drivers and the other to determine if training and testing processes for student drivers maximizes the potential contribution to road safety. Our findings on this work are found in Chapter 7.

Provincial Archives

1.18 We decided to undertake an audit of the Provincial Archives of New Brunswick (PANB), not because of the amount of taxpayers' money involved but because of the valuable service they provide. Their annual budget is only \$1.475 million, but the information contained in their records is in effect priceless. Among the findings we report in Chapter 8 is that PANB is currently not receiving sufficient resources to allow them to fully meet their mandate as described in the *Archives Act*. Furthermore they will be losing six of their thirty-two employees under the VERW program including their only Conservator and two archivists. On a positive note, the funding announced by the government for the design and construction of a new repository should meet the archival storage needs of PANB for the next fifteen years, and address a number of deficiencies in the three existing storage facilities.

Purchases and expenditures

1.19 MLAs and the general public are always interested in knowing if there are appropriate checks and balances in place to ensure that goods and services are competitively acquired and expenditures are appropriately supported. This year we did work in three different areas around this theme. First, and as reported in Chapter 9, we wanted to determine if the Minister of Supply and Services was fulfilling his responsibilities under the *Public Purchasing Act* with respect to tendering and soliciting bids, and the granting of exemptions and preferences. We also examined whether government funded bodies and departments were complying with their responsibilities under legislation.

1.20 The second area we examined was contracts with Information Technology professionals. The purpose of our review was to determine if departments were complying with the terms and conditions established by the Department of Supply and Services for such contracts. Our findings and recommendations are found in Chapter 10.

1.21 The third area was an examination of expenditures under the Prescription Drug Program, in particular Plan F. This is the plan that provides drug benefits to people who receive income assistance and to those who have drug expenses for which they do not have the resources to pay. We had two objectives for this work. One was to ensure that each person who is eligible for benefits is offered the program and the other was to ensure that benefits were only provided to those people who qualify. Chapter 5 reports on the work which we did in this area, our findings and recommendations.

Our Office performance

1.22 In most of our work we examine the extent to which a department or Crown agency has commented on its performance, either in delivering a service or in meeting annual objectives or performance indicators. We will make recommendations when we believe they are warranted.

1.23 We are constantly reminded of our own responsibility in this area, because we too must be efficient and accountable. Chapter 14 represents our annual accountability report, which we believe is in compliance with the government's annual report policy. There we report on our goals, performance indicators and results.

1.24 A key measure of performance for our Office is the feedback we receive from a survey sent to all Members of the Public Accounts and Crown Corporations Committees. From the responses received we were told that our Report is easy to read and understand and it helped the MLAs do their job better. Another measure of performance is that we will perform all our audits within the time allotted. Once again we are having trouble completing our value-for-money audits within budget. This year all eight audits that led to chapters in this Report took more time than we had budgeted. We continue to examine our experiences in order to establish more realistic budgets and to become more efficient in carrying out our work. I should mention, however, that as much as we want to do

our work within budget we will not compromise on quality. The quality of our work and the information we are able to bring to the attention of the Legislative Assembly and the general public is much more important than completing a job within budget.

Governance - Boards not properly constituted

1.25 We did not undertake any specific work this year on governance issues, but we did note during the course of our financial audits that there were four government agencies that did not have a properly constituted Board of Directors. We found that the terms for the Directors of the New Brunswick Crop Insurance Commission and Kings Landing Corporation had expired. The Kings Landing Corporation Board however continued to operate. And the Boards of the Youth Council of New Brunswick and the New Brunswick Public Libraries Foundation did not have sufficient members to constitute a quorum. It is extremely important that the Boards of Directors of all agencies be functional at all times to ensure the continuous and orderly conduct of business.

Acknowledgements

1.26 This year three of our major projects were in the Department of Supply and Services. These were the Provincial Archives, Public purchasing and the Contracts for IT professionals. It is not normal that we concentrate so much work in one department but, because we did, I want to recognize the departmental staff that worked with us during the audits and who took the time to respond to our findings and recommendations. We appreciate the co-operation we received.

1.27 I also recognize the efforts of my own staff and in particular the tremendous effort made in bringing projects to completion. While it is my honour once again to submit this Report, I am indebted to their professional advice and dedication.

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