

Chapter 8

Follow up on Prior Years’ Recommendations

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Follow up on Prior Years' Recommendations

Background

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

8.2 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.

8.3 This follow-up process provides us with the information necessary to measure our success in achieving one of the three goals we have set for the Office:

Departments and agencies accept and implement our recommendations.

8.4 We believe that the actions taken in response to our recommendations are an indicator of the value that we add in promoting accountability in government.

8.5 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

8.6 This chapter includes an update on our 2000 and 2001 recommendations and for the first time we present an update on our 2002 recommendations. In prior years we disclosed that a number of recommendations from the 2000 and 2001 years had been accepted and implemented, or, in some cases recommendations had been disagreed with. The details of these recommendations are not carried forward to this Report.

Summary of the audits covered in this chapter

Department/Agency	Audit area	2000	2001	2002
Agriculture, Fisheries and Aquaculture	Review of legislation	x		
Environment and Local Government and Health and Wellness	Domestic well water quality	x		
Natural Resources	Private forest lands	x		
Supply and Services	Land management fund	x		
Transportation	Engineering consulting and road construction materials	x		
Office of the Comptroller	Provincial financial accounting system	x		
Education	Pupil transportation		x	
Health and Wellness and Family and Community Services	Prescription Drug Program		x	
Natural Resources	Crown lands management		x	
Public Safety	High risk drivers		x	
Supply and Services	Provincial Archives of New Brunswick		x	
Supply and Services	Purchasing		x	
Supply and Services	Contracts for IT Professionals		x	
Environment and Local Government	Environmental inspections			x
Finance	Pension plan governance			x
Health and Wellness	Client Service Delivery System			x
Public Safety	Office of the Fire Marshal			x
Supply and Services	Cellular phones			x
Training and Employment Development	Employment Development Programs			x
Transportation	Vehicle Management Agency			x
Various	Accounts receivable			x
Public Safety	Motor vehicle revenue			x

8.7 There are three types of recommendations that will not be updated in this follow-up chapter:

- those that are accepted and implemented in the same year as the recommendation is made;
- those that require no specific future action on the part of the department or agency; and
- those that are now irrelevant due to changes in government or government programs.

8.8 The reason some recommendations do not require future action is that they are directed to a specific situation, time or event. Although the recommendations have a value in future decisions or actions, the time is past to address the specific situation identified in the audit. While these types of recommendations are not tracked in this chapter, it should be clear that they can still have general

application to government processes and can result in future improvements.

8.9 This chapter refers to the original recommendations made by our Office and provides a current update. We do not refer 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 to the Auditor General's Report where we first discussed the audit and our findings.

8.10 The following chart shows how many of the audit recommendations have been accepted by the departments and agencies over the last three years.

Audit year	Recommendations			
	Total	Accepted	Not accepted	Percentage
2000	90	77	13	86
2001	187	179	8	96
2002	150	134	16	89
Total	427	390	37	91

8.11 The next chart focuses on the recommendations that were accepted and shows the number of recommendations implemented and partially implemented for each of the years.

Audit year	Recommendations			
	Total accepted	Implemented	Partially implemented	Percentage
2000	77	44	16	78
2001	179	119	37	87
2002	134	59	37	72
Total	390	222	90	80

8.12 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.

2000 recommendations

8.13 This is the last year we will be updating the outstanding recommendations from the 2000 Report. It is the third consecutive

year in which an update has been presented. The emphasis on our reporting this year will be on the 2000 recommendations that have not been implemented.

Department of Agriculture, Fisheries and Aquaculture

Review of legislation

8.14 Legislators have a responsibility to ensure that legislation they approve is effective in meeting its intended purpose. Legislation is assigned to government departments to administer and it is reasonable to expect the departments to be held accountable for the efficient and effective administration of the legislation.

8.15 We have reported our concerns, in the past, that legislation was not always complied with. In response to this we conducted a project with the objective of concluding whether appropriate systems and practices were in place:

- to ensure compliance with legislation;
- to measure and report on the effectiveness of the legislation; and
- to ensure that resources committed to the administration of legislation are managed with due regard for economy and efficiency.

8.16 While we chose the Department of Agriculture, Fisheries and Aquaculture (DAFA) in which to conduct our audit, our hope was that the results of the audit and the recommendations could be applied to all government departments, not just DAFA.

8.17 We made ten recommendations to the Department at the conclusion of the audit. Two of the recommendations have been implemented and two have been partially implemented. The Department agrees with the remaining six recommendations, but has made no significant progress towards implementation.

8.18 The following two recommendations are partially addressed.

8.19 We recommended that the Department report on its administrative activities related to legislation through the departmental annual report. Where annual targets have not been met, explanations (e.g. negative impacts of resource limitations) should be provided.

8.20 We recommended that the Department consider the continued need for legislation to support the apiary industry in the Province and make appropriate recommendations to

government with regard to the *Apiary Inspection Act and Regulation*.

8.21 The following six recommendations were agreed with but not acted on.

8.22 For the first three of these recommendations, the Department responded that since we had proposed that three of the matters be considered for all legislation and all departments, it would be appropriate that they be submitted to government for their consideration and appropriate action rather than looking just to DAFA for action.

8.23 We recommended that a clear statement of purpose be included in all proposed new legislation. We further recommended that a statement of purpose be included for existing legislation whenever such legislation is being amended.

8.24 We recommended that the Department provide the Legislative Assembly with regular (e.g. every three or four years) written reports on the effectiveness of the legislation it administers in meeting intended purposes.

8.25 We recommended that the Department develop performance indicators that it can use to evaluate administrative activities undertaken by the Department in support of legislation.

8.26 We recommended that appropriate steps be taken to improve the effectiveness of the *Agricultural Land Protection and Development Act* in achieving its purpose of allowing farmers to farm without undue restrictions and to protect farmland from urban sprawl. This will require improvements in rural land use planning in general, not just amendments to this Act and Regulations.

8.27 We recommended that the Department consider extending the coverage of the *Livestock Operations Act* to more livestock operations and make recommendations to government as considered appropriate.

8.28 We recommended that the Department develop a workable alternative to the current *Topsoil Preservation Act and Regulation* that will better achieve the purpose intended for the

legislation. That alternative should be presented to government for consideration. If a workable alternative cannot be developed in the near term, the Department should strongly consider recommending to government that the Act and Regulation be suspended until such an alternative has been developed.

8.29 This recommendation was originally made to DAFA but the responsibility for the relevant legislation was subsequently transferred to the Department of the Environment and Local Government. We understand that this recommendation will be addressed jointly by the two departments.

8.30 There was one recommendation that DAFA has already implemented that we would like to highlight further. We continue to believe that this is a recommendation worthy of consideration by all government departments, not just DAFA.

8.31 We recommended that reviews of legislation under departmental administration be conducted periodically (e.g. every four years) to ensure it is up-to-date, that its stated purposes are still valid, and that it provides an effective framework within which those purposes can be achieved. Results of such reviews could be communicated to the Legislative Assembly.

**Departments of the
Environment and Local
Government and Health
and Wellness**

Domestic well water quality

8.32 Our Office has had an ongoing interest in public safety and the environment. In connection with this focus we decided to examine the area of safe drinking water. Water quality from the perspective of individuals with newly drilled domestic wells was examined. The Province has set regulations and safety standards under the *Clean Water Act* that relate to these wells. We concentrated our work on two regulations under this Act, the *Water Well Regulation* and the *Potable Water Regulation*.

8.33 At the completion of this audit we issued twenty-nine recommendations to the Departments of Health and Wellness and Environment and Local Government. We can report that twenty-four of these have now been adopted. The Department of Health and Wellness has implemented eight of its nine recommendations while the Department of the Environment and Local Government has implemented sixteen of twenty recommendations.

8.34 Five recommendations remain outstanding and any further progress made will not be updated by our Office. We consider the following three recommendations to be partially implemented.

8.35 We recommended that the Department of the Environment and Local Government begin to license well diggers and educate them as to their requirements under regulation.

8.36 The Department is educating the well diggers but they are still not licensing them.

8.37 We recommended that the Department of the Environment and Local Government, in conjunction with the Department of Health and Wellness, develop an administration protocol for the *Potable Water Regulation*, clearly delineating various departmental responsibilities regarding domestic wells.

8.38 The two departments have agreed to a protocol, in principle, but it has not been approved for implementation.

8.39 We recommended that the Department of the Environment and Local Government review procedures in place for reporting program results for the *Potable Water Regulation* and *Water Well Regulation* to ensure they are accurate and useful to readers. As part of this effort the Department should establish goals or targets that clearly relate to the objectives of the regulations.

8.40 The Department indicated that relevant data will be reported in the Department's 2003-04 annual report, however no objectives, goals or targets have been formalized as yet.

8.41 The remaining two recommendations have the support of the departments but no significant progress has been achieved.

8.42 We recommended the Department of Health and Wellness improve the discussion of its work related to the *Potable Water Regulation* with respect to domestic wells in its annual report. Information should be focused on the degree to which program activities have achieved intended results.

8.43 We recommended that the Department of the Environment and Local Government establish performance

measures for the broad suite of programs established to prevent drinking water problems for individuals on domestic well water.

Department of Natural Resources

Private forest lands

8.44 New Brunswick is Canada's most forested province with 85% of its land covered with forests. Approximately 50% of this forest land is owned by the Crown. The *Crown Lands and Forests Act* identifies three distinct categories of non-Crown land which are referred to as "private forest lands". The three categories are; private woodlots (30% of forest lands), freehold lands (18% of forest lands) and private lands consisting of an aggregate of 5,000 (or more) hectares which are owned by one person.

8.45 We conducted an audit to determine if appropriate systems and practices were in place to encourage the management of private forest lands as the (sustainable) primary source of timber for wood processing facilities in the Province.

8.46 We made seventeen recommendations to the Department of Natural Resources. The total number of recommendations that have been implemented remains at six, the same as was reported last year. The Department expressed its agreement with ten of the remaining recommendations and, in six cases, has made significant progress towards the eventual adoption of the recommendations. For the final five recommendations, the Department agrees with four and disagrees with one.

8.47 The following recommendations have been partially implemented at the time of our final update.

8.48 We recommended that the Department establish a measurable goal or objective to assist it in determining the level of subsidy required for silviculture activity on private woodlots. The goal and the level of subsidy should give due consideration to the funding from all sources.

8.49 We recommended that the Department adopt some form of contractual commitment for landowners who benefit from the silviculture funding. The commitment should be viewed by the Department as a means of encouraging private forest land to be the primary source of timber for wood processing facilities in the Province.

8.50 We recommended the Department comply with the monitoring provisions of sections 29(7.1) and 29(7.2) of the Act.

8.51 We recommended that the Department obtain and develop objective and timely information on the sustainable harvest figures for private woodlots.

8.52 We recommended that the Department monitor the difference between the annual allowable cut and the actual cut from private forest lands to ensure that they are harvested at a sustainable rate.

8.53 We recommended the Department carry out an evaluation of the Forest Products Commission to determine if it has fulfilled the object and duties outlined in the *Forest Products Act*. The results should be tabled in the Legislative Assembly.

8.54 The Department agrees with the following recommendations but has achieved no significant progress.

8.55 We recommended that the Department revisit the *Crown Lands and Forests Act* and all relevant legislation dealing with private forest lands. We recommended several key components to the review.

8.56 We recommended that the Department conduct a long term planning exercise to establish appropriate goals and objectives that adequately address the Department's mandate relating to private forest lands.

8.57 We recommended that the Department disclose its key goals and objectives for private forest lands in its annual report.

8.58 We recommended that as part of a planning exercise to review its mandate and goals and objectives for private forest lands, the Department should develop appropriate performance indicators for its private forest lands programs. The Department should then revisit its annual report to determine how it might best report on its programs for private forest lands in accordance with the requirements of the government's annual report policy.

8.59 During the past year it became apparent that the Department did not agree with the following recommendation.

8.60 We recommended that as part of the Main Estimates process, the Department formally recognize the importance of its

legislated monitoring responsibilities for private forest land by designating a new program component. A title such as "Timber Utilization on Private Forest Lands" may be suitable for such purposes.

Department of Supply and Services

Land management fund

8.61 The Province owns over 7,000 properties which make up roughly three million hectares of land. The Province also owns an additional 2.1 million hectares of submerged lands. Given the significance of the amount of land the Province owns and uses in delivering its programs and the importance of exercising stewardship over this valuable resource, we decided to carry out work on various land management issues. We chose to focus our audit on the Land Management Fund due to its central role with respect to the Province's land portfolio.

8.62 Eleven recommendations resulted from our audit. In this, the third and final year of follow-up, we report that four recommendations have been implemented, including one in the past year. Two recommendations are partially implemented and one is agreed with, but there has been no significant progress. As reported earlier, the Department had expressed disagreement with four recommendations.

8.63 The recommendations that have not been implemented are the following.

8.64 We recommended that adequate information on maintenance costs be accumulated on a property-by-property basis to assist in the decision-making process with respect to holding or selling land.

8.65 The Department responded that maintenance costs will be tracked in future enhancements to the new inventory system.

8.66 We recommended that compliance with government policy on disposal of real property be actively enforced. Alternatively, if the policy is not appropriate, it should be appropriately revised.

8.67 Draft revisions to the policy have been prepared. However implementation has been delayed. The revised policy is expected to be in place by December of 2004.

**Department of
Transportation*****Engineering consulting and
road construction materials***

8.68 We recommended that the Departments of Transportation and Supply and Services work together to develop strategies to identify surplus properties on a more timely basis.

8.69 To some extent, the future of this recommendation may be influenced by the revisions to government policy.

8.70 In the years leading up to this audit in the Department, we had reviewed inventory and purchasing systems and the process used to purchase engineering consulting services. We found significant opportunities for improvement, at that time, and made recommendations accordingly. Although many of these recommendations were accepted, some were not.

8.71 We decided to examine the present day purchasing and inventory operations to see how the Department had improved. Twenty recommendations were made to the Department. Six of the recommendations have now been implemented including one in the past year. There is agreement with five of the remaining recommendations and in one of these cases progress has been achieved by the Department. It has been established that the Department does not agree with seven of the recommendations including two which were explained in earlier reports. The time of relevance for two of the recommendations has passed.

8.72 There has been progress in meeting the requirements of the following recommendation.

8.73 We recommended the Department implement End Result Specifications in aspects of road construction in addition to paving, where it is cost beneficial to do so.

8.74 While there continues to be agreement with the recommendations, there was no significant progress in implementing the following.

8.75 We recommended management review, update and communicate its Purchase/Inventory Control/Issuing Procedures to ensure that standards exist for the proper management and control of all inventories.

8.76 We recommended management ensure compliance with the Department's inventory policy.

8.77 We recommended that the computerized inventory system be fully integrated with the departmental maintenance management system and the accounting system of the Province.

8.78 We recommended the Department develop an inventory system that allows senior management and others responsible for inventory review to better manage and monitor both district and departmental inventory. The system should allow head office staff to produce timely and comprehensive inventory reports.

8.79 During the past year it became apparent that the Department was not in agreement with the following recommendations. The Department informed us that, based on the results of a pilot project using a request for proposals (RFP), it found that direct project costs were similar to situations where no RFPs were sought. They also stated that while design standards were maintained, there were additional administrative costs to the Department and the overall timeframe was extended using RFPs. We are currently evaluating the adequacy of the pilot project as the basis for not accepting our recommendations. We will report on the results of our review in our 2005 Report.

8.80 We recommended the Department publicly advertise each engineering consulting project so that all consulting firms have the opportunity to express their interest in the available work.

8.81 We recommended the Department ask for proposals from several qualified consultants for each engineering contract.

8.82 We recommended the process by which the Department chooses consultants to request proposals from be formalized and documented. The process, associated evaluation criteria and results of the process should be transparent to all consultants.

8.83 We recommended that the Department require the cost of the project to be included in the proposals received from the competing consultants.

8.84 We recommended the process by which the Department chooses which consultant to hire be formalized and documented. Cost should be an important component of this. The methodology, associated evaluation criteria and results of the process should be available to all consultants.

Office of the Comptroller***Provincial financial
accounting system***

8.85 For a few years the Office of the Comptroller (OC) had been developing and implementing a new financial accounting system. Software called Oracle Financials was being customized by the OC for use by the Province. Because of its significance and the fact that we rely on it in conducting our audit of the financial statements of the Province, we decided to review the system. Our review focussed mainly on system security.

8.86 We made six recommendations following our review of this system. Two of these remain partially implemented at this time.

8.87 **We recommended that the OC review documentation for the Oracle application and ensure there is adequate documentation for anything that is unique to its installation and necessary in case of personnel turnover. This includes the unique functions of the Database Administrator, the System Administrator and any other key personnel.**

8.88 **We recommended that the OC implement some key aspects of traditional system development methodologies and project management practices. In particular, we would like to see a future project plan and budget. We also recommended that the OC track project costs and compare such costs to the budget. This should assist in managing the future work.**

2001 recommendations

8.89 We are updating the recommendations we made in our 2001 Report for the second time. A detailed update was first prepared last year.

Department of Education***Pupil transportation***

8.90 Thousands of New Brunswick school children travel to public schools each day aboard provincially owned or contracted buses. Parents have entrusted the Province to implement a safe and reliable pupil transportation system.

8.91 We believe that the Department of Education must have sound systems and practices in place to ensure the safe transportation of the students. Further, the Department must demonstrate compliance with safety standards and regulations set by the Province.

8.92 In our 2001 Report, we made 74 recommendations as a result of an audit of the Pupil Transportation Branch within the Department of Education. Last year we reported that the Department had

implemented a total of fifty recommendations by the time of our first follow-up on this audit.

8.93 During the past year three more recommendations were implemented.

8.94 We recommended that the Department monitor employment standards for contracted school bus drivers to ensure they are consistent with the stated Acts and Regulations.

8.95 We recommended the Department develop an appropriate evaluation of driver performance while driving with children in a vehicle. Results of such an evaluation should be clearly documented in employee files.

8.96 The Department should develop standards for successful completion of the Behind the Wheel Driver Training. Such results should be clearly and consistently documented in employee files.

8.97 There are twenty-one recommendations which have not been implemented. Twelve of these have been partially implemented and two are agreed with, but no significant progress has been demonstrated. As reported last year there were four recommendations that were disagreed with and two which became irrelevant with the passage of time.

8.98 During the past year, one more recommendation became irrelevant due to changing circumstances.

8.99 With the establishment of the District Education Councils, the responsibility for acting on the following recommendation was effectively transferred to the individual Councils. The Department, however, has advised the Councils on the importance of the driver guidelines.

8.100 We recommended that the Department ensure parent/volunteer drivers are provided with guidelines as developed by the Department.

**Departments of Health and
Wellness and Family and
Community Services**

Prescription Drug Program

8.101 Our interest in the healthcare services provided by the Province led to our review of the Prescription Drug Program. This program was established in 1976. It makes specified drugs available to selected groups of people who can least afford the high cost of

prescription drugs and those with specified medical conditions. Approximately 15% of the population receive benefits under the program.

8.102 The program consists of several “plans”. The plan examined in our audit provides drug benefits to people who receive income assistance and those who have drug expenses for which they do not have the resources to pay.

8.103 While the Prescription Drug Program (PDP) is the responsibility of the Department of Health and Wellness, determining the eligibility for financial help with drug costs for this plan is the responsibility of the Department of Family and Community Services (FCS).

8.104 Our audit objective was to determine if the two departments had appropriate systems and practices in place to ensure that all eligible persons are offered the plan and that the benefits are not granted to ineligible persons.

8.105 The audit resulted in seventeen recommendations. Ten of the recommendations were issued to both departments, as it is necessary to have co-operative action to address the issues raised. Seven recommendations were issued just to the Department of Family and Community Services.

8.106 Last year we reported that the two departments had little success in addressing the recommendations. None of the recommendations had been implemented and only six of the seventeen had shown significant progress at that point in time.

8.107 We have a somewhat more positive result to report this year. Seven recommendations have now been implemented and in eight other cases there has been significant progress towards implementation. For the remaining two recommendations there is agreement without significant progress.

8.108 During the past year the departments agreed to form a joint committee for the purpose of addressing the issues raised in the audit. While the joint committee had not begun to operate at the time of our update, Terms of Reference had been drafted and agreed upon. We are hopeful that the committee will facilitate the departments’

implementation of the remaining audit recommendations over the upcoming year.

8.109 The following recommendations were implemented in the past year.

8.110 Since some staff are confused with the services provided to “health card only” and “section 4(2)(b)” clients, we recommended that training needs be identified and assessed. A training plan should be established to reflect these needs, and it should be incorporated into the financial budget.

8.111 We recommended that the registration process be reviewed and amended, where necessary, to ensure that controls are in place to identify applicants having other drug coverage and to prevent these individuals from obtaining a health card. The review should ensure that the NBCase features that we identified as control weaknesses are addressed.

8.112 Since issuing health cards to Natives is a recurring error, we recommended that workers in the regions be informed of the importance of identifying Natives in NBCase. Cases in doubt should be identified and followed-up with the federal group responsible for Native drug coverage. We also recommended that someone be assigned the responsibility of monitoring to ensure Natives are not issued health cards.

8.113 To bring more consistency to the issuance of health cards, we recommended the following:

- Explanations for the existing inconsistencies in the office ratios of “health card only” clients to “basic assistance” clients should be obtained. Inappropriate procedures should be identified and corrected.
- Explanations for the existing inconsistencies in the financial assessments performed on “health card only” applicants should be obtained. Inappropriate procedures should be identified and corrected.
- The guidelines for expenses for “health card only” applicants should be reviewed, and amended if necessary. All regional

workers involved with the registration process should be informed of the proper usage of the guidelines.

- **Controls should be established in the registration process to ensure that health cards are issued consistently to all eligible applicants and that health cards are issued only to those applicants that meet the eligibility requirements.**

8.114 We recommended that FCS provide the PDP Division with a copy of all the current policies and procedures relating to the plan.

8.115 We recommended that FCS assign someone the responsibility of collecting all required updates to policies and procedures and annually making the changes to keep the information relevant and correct.

8.116 Since providing financial assistance to individuals to cover expenses relating to participation fees and monthly premiums for private health coverage could reduce costs to government, we recommended that FCS determine why these services are not being used and make corrections as necessary.

Department of Natural Resources

Crown lands management

8.117 The *Crown Lands and Forests Act* (the Act) has assigned the Minister of Natural Resources responsibilities for both Crown and private forest lands. In the autumn of 1999 we began a two-year audit process to examine the Minister's responsibilities under each of these areas.

8.118 In our 2000 Report we examined the Minister's responsibilities for private forest lands as mandated under section 3(2) of the Act. In 2001 we continued with phase II of our work by reporting on the Minister's responsibilities for Crown lands.

8.119 We made ten recommendations to the Department. Last year we reported that the Department had implemented three recommendations and acted on a fourth. No further recommendations were implemented during the past year. However the Department made progress on our overarching recommendation to "establish measurable goals and objectives that adequately address the Minister's four responsibilities as assigned under subsection 3(1) of the *Crown Lands and Forests Act*." The actions taken on the report

produced by the Special Committee on Wood Supply may have a direct impact on the goals and objectives.

8.120 Closely related to the goal setting process, we also “recommended that as part of establishing objectives related to its responsibilities under the Act, the Department develop suitable performance measures and that it report on them on an appropriate basis.” We would hope to see improvements in this area as well.

8.121 We also made a third closely related recommendation “that departmental goals and objectives be linked to the spending estimates and they be disclosed at an appropriate level to the MLAs and the general public.” The Department informed us this year that it “does not see the urgency at this time to change” its budgeting and financial systems to align them with subsection 3(1) of the *Crown Lands and Forests Act*.

8.122 Of the remaining three recommendations, two relate to improving financial reporting in the annual report. We have not seen much progress in this regard. The other relates to reporting of the licensee evaluations. The next evaluation is scheduled for 2007.

Department of Public Safety

High risk drivers

8.123 Our Office’s continuing interest in public safety led us to look at the area of road safety. After some analysis of this area, we decided to focus on the so-called high-risk drivers of private passenger vehicles. The bulk of our work was performed in the Department of Public Safety. However we also contacted policing agencies, the insurance industry, academic researchers and an expert in adaptive driving services.

8.124 At the completion of this audit, we issued eighteen recommendations to the Department of Public Safety. Last year we reported that the Department had implemented six of the recommendations. During the past year one more has been implemented. The status of the other recommendations is that seven are partially implemented and, for four, no significant progress has been demonstrated.

8.125 The following recommendation was implemented since the last Report.

8.126 We recommended that the Department discuss [variances in pass/fail rates between examiners of student drivers] with

Department of Supply and Services***Provincial Archives of New Brunswick***

Service New Brunswick to ensure consistent and equitable testing. Additionally, the Department needs to develop better statistics that identify the type of license and reason for testing to allow for better variance analysis.

8.127 The information contained in the records preserved by the Provincial Archives of New Brunswick (PANB) is irreplaceable and has a significant value to New Brunswickers. Caring for this information is a major responsibility and one that has a number of risks associated with it. We conducted an audit in which we looked at the acquisition, appraisal, selection, arrangement and description of records. We also looked at preservation risks and completed general reviews of the organizational mandate and performance reporting.

8.128 A total of twenty-five recommendations were made to the Department following the completion of our audit. Sixteen of these recommendations have now been implemented, including an additional four recommendations in the past year. Another five are partially implemented. Of the remaining four recommendations, the Department is in agreement with three of them and it disagrees with one.

8.129 The following four recommendations were implemented in the past year.

8.130 We recommended that the resource requirements of PANB be reviewed as part of the upcoming strategic planning process for the organization. Representations should then be made to government as part of the next budget cycle requesting necessary increases in funding.

8.131 We recommended that a tracking system be developed to capture data relating to the acquisition, appraisal, selection, arrangement, and description of records. This data can be used for management and performance reporting purposes, as well as to support organizational strategies, requests for additional resources, etc.

8.132 We also recommended that the lack of wheelchair accessible washrooms at the Bonar Law building be addressed at the earliest possible date.

**Department of Supply and
Services**
Purchasing

8.133 We recommended that PANB ensure that its facilities are inspected by the provincial fire marshal on a regular basis.

8.134 We conducted an audit in the Department of Supply and Services with the objective of determining if the Department had appropriate systems and practices in place to ensure the Minister was fulfilling some key responsibilities assigned by the *Public Purchasing Act*.

8.135 The audit focussed on: tendering and soliciting bids for purchases; granting exemptions and preferences; and ensuring compliance of government funded bodies and departments with their responsibilities under legislation.

8.136 Overall we were pleased with the Department's performance in fulfilling its responsibilities. However, we did find instances where improvements could be made. In light of this we made seventeen recommendations.

8.137 Last year we reported that the Department had implemented two of these recommendations. This year we can report that an additional four recommendations have been implemented. Two recommendations have been partially implemented at this point, while seven have seen no significant progress. The Department does not intend to act on the remaining two recommendations. One of these two recommendations was reported last year and the other is shown below.

8.138 The following four recommendations have been implemented in the past year.

8.139 We recommended that the Department review the current process surrounding the granting of exemptions on the basis of economic benefits to see if a change can be made that will involve more suppliers and, in turn, create more competition before a final decision is made.

8.140 We recommended that the Minister review exemptions from time to time to ensure they continue to be justified. Where necessary, they should be restricted or eliminated.

8.141 We recommended that the Minister of Supply and Services formally communicate to the Comptroller, the failure to meet legislated responsibilities.

8.142 We recommended the Minister ensure departments submit the annual purchasing reports as required by legislation.

8.143 During the year it was determined that the Department was not in agreement with one of the recommendations.

8.144 We recommended that the Department establish a formal policy for educating all parties subject to the Act. This would ensure that a commitment is in place to provide the basic training on a cyclical basis.

8.145 The Department will continue to provide information seminars to the extent permitted by current resources. However, they do not plan to formalize the commitment.

Department of Supply and Services

Contracts for IT professionals

8.146 The Department of Supply and Services established a contract of supply for departments to use in purchasing the services of various information technology (IT) professionals. We reviewed the contract to determine departmental compliance with the terms and conditions of the contract.

8.147 At the completion of the audit, we issued seven recommendations to the Department of Supply and Services for improvements to the process. We explained last year that the Department had implemented six of the recommendations and a plan was in place to address the final recommendation. The status of the final recommendation did not change in the past year.

2002 recommendations

8.148 The recommendations from our 2002 Report are being updated for the first time.

Department of the Environment and Local Government

Environmental inspections

8.149 The protection of our environment has a significant impact on whether or not we have a healthy and safe place in which to live. The Legislative Assembly recognizes this significance and has passed several Acts and regulations to protect our environment. The Department of the Environment and Local Government is responsible for the administration of much of this legislation.

8.150 Our interest in the preservation of the environment led to our review of how the Department monitors compliance with the environmental legislation in the Province.

8.151 Our audit objective was to determine if the Department of the Environment and Local Government has an adequate inspection process, with appropriate policies and practices, to monitor and report compliance with environmental legislation in the Province.

8.152 The audit resulted in twenty-one recommendations. The Department has successfully implemented five of the recommendations. In addition, the Department has partially implemented four of the recommendations. Two of the recommendations are no longer applicable due to reorganization within the Department. For the remaining ten recommendations, there is agreement without significant progress.

8.153 The following recommendations were implemented.

8.154 **The Department should establish a standard orientation program for new inspectors.**

8.155 **The Department should establish a training policy and standard training for inspectors.**

8.156 **The Department should proceed with the training of all inspectors in the fall of 2002 as planned.**

8.157 **The Department should establish standard procedures for performing and documenting inspections. The approved procedures should be distributed to all inspectors.**

8.158 **In pursuit of compliance with government policy, the Department should continue its implementation of the employee performance review system.**

Department of Finance

Pension plan governance

8.159 A pension plan governor has the highest level of authority over the management of a pension plan. In general, the governor has the objective of achieving the mission of the plan.

8.160 We selected two of the provincially sponsored pension plans to determine whether the governors of the pension plans have established satisfactory procedures to measure and report on the

effectiveness of the asset management activities. Asset management is one of five key areas of responsibility in a pension plan. The other four are compliance, plan funding, benefit administration and communication.

8.161 We examined a plan that involved the New Brunswick Investment Management Corporation (NBIMC) as its investment manager, the Public Service Superannuation Plan, and one that used other outside investment managers, Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Districts.

8.162 A total of twenty-three recommendations were made following the completion of the audit. Twenty-one of these were addressed to the Department of Finance and the remaining two were sent to the NBIMC.

8.163 Our first update on the progress made in implementing the recommendations shows that none have been fully implemented. However we note that there has been progress in some areas.

8.164 In ten of the recommendations, there has been satisfactory progress demonstrated towards the implementation of the recommendations. For nine of the recommendations the Department is in agreement but no measurable progress has been made.

8.165 Disagreement was expressed with four recommendations including the following three that had been issued to the Department of Finance in relation to the Public Service Superannuation Plan.

8.166 **The governor has never formally approved the investment policy and we recommended the appropriate approval be sought.**

8.167 **We recommended the role of the plan governor be formalized to ensure that the governor's approval is required for certain changes to the investment policy (i.e. asset classes and allocation percentages).**

8.168 The Department of Finance responded that the responsibility for investment policies has been assigned to NBIMC through legislation. The Department indicated that future amendments to the policy should be presented to the Department, but for information purposes only. There is no plan to formalize the role of the plan governor.

8.169 We recommended the actuarial review committee be used by the governor to provide information that can be used to assist in making well-informed decisions on the investment policy of the plan.

8.170 The Department agreed that the committee could be used by the governor to make well-informed decisions on the investment policy. However as stated earlier, future amendments to the investment policy are planned to be made available to the Department for information purposes only.

8.171 The fourth recommendation, for which disagreement was expressed, was issued to NBIMC. It too related to the Public Service Superannuation Plan.

8.172 We recommended the investment policy include the requirement for appropriate communication with the plan governor when changes to investment policy are prepared.

8.173 NBIMC believes that communication with the plan sponsor is extremely important, however it also believes the investment policy is not the appropriate place to outline communication protocol.

Department of Health and Wellness

Client Service Delivery System

8.174 Effective project managing and monitoring is essential if information technology projects are to be completed on time and on budget. In this audit, we reviewed the managing and monitoring process used by the Department of Health and Wellness in developing and implementing the Client Service Delivery System (CSDS).

8.175 The CSDS is a 24-hour, on-line, bilingual system that tracks all services received by a client and thereby assures an appropriate continuum of care through coordinated and joint planning and delivery. The CSDS took six years to implement and cost the Province in excess of \$26.9 million. This timeframe and cost was significantly more than originally budgeted. In our Report, we outlined possible causes for the cost and time overruns and areas where the Department did not comply with contract terms, legislation and government policy. We made one recommendation relating to how the Department could improve its processes for managing and monitoring future information technology projects.

**Department of Public
Safety*****Office of the Fire Marshal***

8.176 The Department agreed with the recommendation. Since we made our recommendation, the Department has initiated two major information technology projects. The Department has already implemented some parts of our recommendation and it plans to adopt the remaining points as the projects progress.

8.177 Our interest in the safety of New Brunswickers led to our review of the operations of the Office of the Fire Marshal (OFM) in the Department of Public Safety. The OFM is the senior fire authority in the Province with respect to fire safety and prevention.

8.178 The *Fire Prevention Act* provides the OFM with its authority and responsibilities. Proper administration and enforcement of the Act is important; and the results of non-compliance with the Act have the potential to seriously affect every resident of this Province.

8.179 Our audit objectives were:

- to assess whether the Office of the Fire Marshal is adequately carrying out the provisions of the *Fire Prevention Act*; and
- to assess whether the Office of the Fire Marshal has appropriate human resource systems and practices in place to sufficiently deliver provincial fire prevention and protection programs that are dedicated to the reduction of fire related losses in lives, injury, and property.

8.180 The audit resulted in twenty-three recommendations. We are pleased with the OFM's success to date in implementing fourteen of the recommendations. In addition, the OFM has partially implemented five of the recommendations. For the remaining four recommendations, there is agreement without significant progress.

8.181 The following recommendations were implemented.

8.182 We recommended that the OFM offer refresher training sessions on the Act to ensure appointees remain aware of their duties and responsibilities under the Act and to inform them of any changes made to the Act since the last session was given.

8.183 We recommended that the OFM look into the possibility of having expiry dates on the OFM-issued ID cards used for appointment purposes (for example, three years, five years).

8.184 We recommended that the OFM incorporate compliance with the Act into its work plan.

8.185 We recommended that OFM management include OFM staff from all levels in the creation of the OFM work plan where possible. It should be clearly reviewed and discussed with staff so they see the “big picture” and know where they fit in with the organization.

8.186 The OFM should carefully monitor compliance in the future. In effect, we are recommending the Fire Marshal take a proactive role and “champion” the Act.

8.187 We recommended the OFM get all of the fire reports into the Fire Reporting System on a timely basis and ensure they are kept up to date.

8.188 We recommended the OFM review the benefits and costs of implementing an Internet version of the Fire Reporting System for use by fire departments.

8.189 We recommended that employment standards not be lowered to meet the qualifications of the existing applicants.

8.190 We recommended the Department/OFM look into whether a fire service background is a desirable or an essential requirement of the Assistant Fire Marshal position.

8.191 We recommended that the OFM consider whether the technical sessions held for Assistant Fire Marshals and plan review officers should be held more frequently than twice per year and whether it would be beneficial to include all staff.

8.192 We recommended the OFM take an active role in ensuring that all fire prevention officers responsible for fire inspections in the Province are adequately trained.

8.193 We recommended that key responsibility areas of all OFM positions be identified in work plans and key success indicators for each responsibility area be developed. Employee performance should be evaluated based on how well they met the key success indicators for each key responsibility area of their position.

8.194 We recommended the OFM ensure that local assistants who perform fire investigations have the same Canadian Fire Investigation School training as those who hold appointments as fire investigators.

8.195 We recommended the OFM consider the costs and benefits of certification through the Canadian Fire Investigation School for all fire investigators. If it is determined that this is not a feasible solution, the OFM should ensure that those not certified receive refresher training periodically to ensure their skills and knowledge are kept current.

8.196 While the solution was not as expected for the final two recommendations, due to the abolishment of the Canadian Fire Investigation School, we feel that they were implemented through other acceptable training initiatives.

Department of Supply and Services

Cellular phones

8.197 As cellular phones have become a more integral part of both business and personal communications, so too has their importance and usage increased within government. At the time of the audit in 2002, we estimated that there were over 3,100 cellular phones in use by government costing at least \$2.5 million annually.

8.198 We conducted an audit to determine if the government had an adequate system in place to administer the acquisition and use of cell phones. Our report on the results of this audit included seven recommendations. These recommendations were directed to the Department of Supply and Services, the Board of Management or to both, depending on the nature of the specific recommendation.

8.199 Since our 2002 annual Report was issued, a total of four recommendations have been partially implemented and no significant progress has been made for the remaining three. None of the recommendations have been fully implemented.

8.200 In our opinion, the most significant recommendation was that government begin tendering airtime and long distance usage for cell phones. We are pleased to report that government has tendered for these services and is currently determining the successful bidder or bidders. Once the contracts have been awarded, it appears that the information requirements of government, established through the tender, will allow for a number of the other recommendations to be implemented.

**Department of Training and
Employment Development*****Employment Development
Programs***

8.201 The Employment Development Programs offered through the Department of Training and Employment Development meet a number of different needs and serve a variety of clients. There are five main programs: work ability; work expansion; training and skills development; student employment and experience; and employment services.

8.202 Our main focus in the audit was on the management of the programs. We wanted to see how the Department was doing in attempting to meet the economic and employment strategic goals and objectives of the Province.

8.203 The objectives of the audit were:

- to assess the adequacy of the Employment Development Tracking System internal controls designed to provide timely and reliable financial information;
- to assess the adequacy of management and control processes over the approval and payment of Employment Development funding; and
- to determine if there were adequate procedures in place to measure and report on program effectiveness.

8.204 We made twelve recommendations to the Department as a result of the audit. Six of these have now been implemented. The Department has made progress towards implementing four of the recommendations and for the remaining two there is agreement but without significant progress.

8.205 The following recommendations have been implemented.

8.206 We recommended that the policies and procedures of the various programs give clear guidance on what documentation is to be sent to be imaged under each of the programs and what should be kept by the Program Officers and Employment Counsellors.

8.207 We recommended that the Letter of Offer or the Application for the Work Ability Program be amended to include a clause specifying that the employer agrees to send in the client performance evaluation form as part of the Attestation of Salary.

8.208 We recommended that the draft guidelines be finalized as soon as possible and any future program changes be supported by documented guidelines at implementation.

8.209 We recommended that the Department provide application forms for all of the Employment Development Programs.

8.210 We recommended that the programs' policies and procedures include suggested turn-around times for the approval process.

8.211 We recommended that the planned guidelines for program evaluation identify a process to respond to recommendations resulting from program evaluations.

**Department of
Transportation**

Vehicle Management Agency

8.212 The Vehicle Management Agency provides a full range of vehicle services to government departments. The Agency functions as a Special Operating Agency with a mission to “provide fleet management and vehicle maintenance services to Government, on an economical basis and according to established standards, to enable clients to deliver quality services to the public.”

8.213 We decided to conduct an audit of the Agency with a focus that was limited to light trucks, cars, and executive vehicles. The objective of the audit was two-fold:

- to determine if the Vehicle Management Agency was providing repair and maintenance services for government cars, executive vehicles and light trucks in a manner which minimized costs and maximized efficiency; and
- to determine if the Vehicle Management Agency had adequate systems and practices in place to monitor and control the usage of fuel for government cars and light trucks.

8.214 We made a total of forty recommendations as a result of the audit. We can report that the Vehicle Management Agency has implemented seventeen of these recommendations and partially implemented a further seven. Four recommendations were agreed with, but no significant progress has been demonstrated to date. One recommendation is no longer relevant as it related to a policy that subsequently changed.

8.215 As reported in our 2002 annual Report, the Department disagreed with eight of the recommendations at the time of our audit. No follow-up work was conducted on these recommendations. It has recently been determined that the Department disagrees with a further three recommendations.

8.216 The following recommendations were implemented.

8.217 We recommended the Agency analyze the economics of using overtime as a means of supplementing staff requirements.

8.218 We recommended the Agency complete the casual staffing study as described in the 1999 Business Plan. Part of this study should analyze the cost effectiveness of using casual staff.

8.219 We recommended the Agency reconcile repair costs recorded in [its own information system] to [the government financial information system] on a regular basis. Any material discrepancies should be investigated.

8.220 We recommended the Agency ensure that executive users are aware of the policy regarding service provision.

8.221 When there are no applicable standing agreements, we recommended the Agency ensure that more than one quote is obtained for servicing required. Further, we recommended the best vendor (best service with lowest cost to government) be selected.

8.222 We recommended the Agency monitor the appropriateness of dollars spent on in-house service provision versus external service provision.

8.223 We recommended the Agency ensure that all in-service assets have preventative maintenance servicing on a timely basis, by making drivers and vehicle co-ordinators more aware of required servicing.

8.224 We recommended the Agency ensure all drivers submit "driver's vehicle condition reports" as required.

8.225 We recommended the Agency formalize policy to ensure that all manufacturer recalls are completed on a priority basis.

We further recommended that serious safety related items be given high priority.

8.226 We recommended that the Agency ensure drivers are provided with up to date listings of discounts from external vendors.

8.227 We recommended the Agency ensure that executives are aware of all aspects of policy, notably the requirement to submit credit card slips when submitting mileage reports.

8.228 We recommended the Agency ensure it has accurate records of fuel card and credit card assignments.

8.229 We recommended the Agency monitor fuel usage in accordance with government policy.

8.230 We recommended the Agency improve communications with departmental vehicle co-ordinators regarding the expectations for fuel monitoring to ensure adequate monitoring at the department level.

8.231 We recommended the Agency ensure fuel exception reports are not only produced monthly, but reviewed monthly. Any exceptions should be followed up in a timely manner.

8.232 We recommended the Agency clearly document follow up on exceptions in fuel reports.

8.233 We recommended the Agency ensure that vendors are complying with the terms of the contract [regarding non-fuel purchases]. This would include producing and reviewing exception reports for large and unusual items charged as convenience store items.

8.234 Disagreement was expressed with the following recommendations.

8.235 We recommended that the results of the comparable pricing review be used to determine the most economical means of providing repair and maintenance services to government-owned vehicles.

8.236 We recommended the Agency develop standards and measures for mechanic effectiveness. Further, the Agency should consider the benefits and costs of extending these standards and measures to its performance evaluation process for mechanics.

8.237 We recommended the Agency formalize and enforce policy regarding work to be done on executive vehicles prior to disposal.

Various departments

Accounts receivable

8.238 Most governments emphasize the controlling of expenditures more than collecting of revenues. With minor exceptions, provincial departments do not have the authority to spend the revenue that they collect. As a result, there is often no budgetary motivation for departments to spend time and effort in maximizing collection activities.

8.239 We conducted an audit of the management of accounts receivable in three departments. The purpose of our audit was to determine if the departments had a comprehensive collection process, which is in compliance with government policy.

Business New Brunswick

8.240 Six recommendations were issued to the Department of Business New Brunswick in relation to the Department's accounts receivable balance, which exceeded \$277 million at the time of the audit. Most of these accounts receivable were loans outstanding in relating to economic development, fisheries and agriculture. We are pleased to report that all six recommendations have been implemented.

8.241 We recommended that the Department establish and document a system to monitor and collect overdue receivables. Proper follow-up procedures should be enacted to ensure all payments are made on time and in the correct amounts.

8.242 We recommended a system to report on outstanding accounts be developed. Receivable reports should be produced on a regular basis and distributed to senior management for review and comment.

8.243 We recommended the Department ensure procedures are developed to provide information, in a timely manner, in order to update client records. This should ensure an accurate aged receivable report.

8.244 We recommended collection of fees and follow up of outstanding balances be made a priority. In each case it should be decided if outstanding monies should be collected before economic incentives are given or extended.

8.245 We recommended all files be updated on a regular basis and the client status reviewed even if no action was taken. All files should include up-to-date agreements.

8.246 We recommended old receivables be written off promptly when it is deemed they will not be collected.

Finance

8.247 The main focus in the Department of Finance was on property tax receivables, which totalled \$579 million at the time of the audit. We issued nine recommendations to the Department following the completion of the audit. We are pleased to report that all of the recommendations have been implemented, and they are shown below.

8.248 The Department should put in place appropriate follow-up procedures to ensure all repayments are made on time and in accordance with the terms of the agreements.

8.249 The Department should review its policies in regards to the timing of client contacts. It may be appropriate to contact certain clients sooner than others.

8.250 All files should be updated as they are reviewed. Files should include all agreements as well as backup for the agreements.

8.251 The rationale and documentation for reductions and forgiveness of interest and penalties should be included in the files.

8.252 Receivables should be written off when it is deemed they will not be collected.

8.253 The Department should decide on a course of action to deal with these delinquent taxpayers.

8.254 The Department should set a target level(s) for receivables collection based on the best collection experience of other jurisdictions and aim to meet or exceed that level.

8.255 The Department should determine appropriate performance measures for staff and set clear, measurable goals related to its programs for collecting overdue taxes. It should also monitor performance relative to these goals.

8.256 Public reporting should include financial information and performance measures relating to the collection function. The Department could include, as part of the accountability information it provides to the Legislative Assembly, year-to-year comparisons of: the number and dollar value of taxpayer defaults during the year; recoveries and write-offs; timeliness of collection; costs of programs for collecting overdue taxes; and the balance of overdue accounts at year end.

Justice

8.257 Nine recommendations were made to the Department of Justice, which had accounts receivable in excess of \$20 million at 31 March 2002. At this time, none of the recommendations have been implemented. However there are two recommendations that are partially implemented and a number of others that will be impacted by changes the Department is planning in the upcoming year. In the plans are a pilot project designed to improve collections and a new accounts receivable system for one of the main revenue sources.

8.258 One of the recommendations was disagreed with on the basis that financial benefits may be outweighed by the costs.

Department of Public Safety

Motor vehicle revenue

8.259 We conducted an audit of the systems in place to control revenue from *Motor Vehicle Act* fees and fines, and motor vehicle inventory. Two recommendations were issued to the Department as a result of this audit. Our follow-up work confirms that both of the recommendations have now been implemented. Following are the two recommendations.

8.260 We recommended the Department formalize a new agreement with Service New Brunswick (SNB) to clarify its expectations with regard to motor vehicle revenue and inventory.

8.261 We recommended that only copies of paid and void tickets be forwarded to SNB by police agencies. Tickets destined for court should be taken to the courts as court dates occur. The court should then keep its copy and forward all other copies to the Department for processing. The SNB copy would then be sent to SNB and the ticket inventory updated. This would provide assurance that all tickets processed through the court system are properly accounted for and that the Department's record system is updated as required. This would also provide more meaningful and accurate tracking of *Provincial Offences Procedure Act* ticket inventory by SNB.