

# Chapter 8

## Follow up on Prior Years’ Recommendations

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# Follow up on Prior Years' Recommendations

## Background

**8.1** We have a strategic goal that departments and agencies accept and implement our recommendations. Consequently, we track both the number of recommendations accepted and the number of recommendations implemented. This chapter reports on those two key performance indicators.

**8.2** This goal and these indicators help us fulfill our mission. In its simplest terms that mission is “We promote accountability.” And these two performance indicators help us promote accountability by showing where our work influenced positive change in government; change towards greater economy, efficiency and effectiveness.

**8.3** This chapter also promotes accountability in that MLAs and the general public can gain some appreciation for how responsive departments and agencies have been to our recommendations. One aspect of accountability is acting appropriately with information brought to your attention. When we report recommendations publicly under Section 13 of the *Auditor General Act*, it is a serious matter. The Report of the Auditor General includes “anything he considers to be of significance and of a nature that should be brought to the attention of the Legislative Assembly.” We think it is important that MLAs and the public see if departments and agencies are making progress with those recommendations that were significant enough to have been brought to the attention of the Legislative Assembly in previous years.

## Scope

**8.4** Our practice is to track the status of our recommendations for four years after they first appear in the Report of the Auditor General. If a department or agency disagreed with the recommendation, we do not usually follow up on it. A department or agency would be very unlikely to adopt a recommendation it had previously disagreed with. The one thing that might change that is if the recommendation became the subject of enquiry by the Public Accounts Committee or the Crown Corporations Committee, or in the Legislative Assembly. This extra scrutiny by the Members could cause a department or agency to reconsider its response. Alternatively, a body such as the Public

Accounts Committee could adopt one of these disagreed recommendations as one of their own and repeat it in its report to the full Legislative Assembly.

**8.5** We do not normally prepare an update after the first year; we wish to provide the departments and agencies ample opportunity to take action. After years two, three and four we prepare a status report, which shows departments' and agencies' progress (or lack thereof) in implementing our recommendations. In other words, in this Report for 2005, we are tracking progress on recommendations from 2001, 2002, and 2003. Our plan is to begin follow up on recommendations from 2004 in next year's Report.

**8.6** To prepare this chapter, we request written updates on progress from the respective departments and agencies. We review these updates by meeting with appropriate officials. In some cases we request additional documentation to test the accuracy of the updates we have been given. In other words, if a department says it has implemented a recommendation, we do some checking to see if this is the case.

**8.7** This follow-up work is normally performed at what professional accountants refer to as "review level" assurance. Rather than carry out a full audit on these updates, we carry out enough procedures to allow us to conclude the information is plausible in the circumstances. Whereas an audit provides high (but not absolute) assurance, this review level assurance is more accurately referred to as "moderate".

**8.8** Exhibit 8.1 gives a quick overview of the status of recommendations by department and agency. We devote most of the space in this chapter to the status of recommendations from 2001. This is because these recommendations have reached the end of the four year follow-up cycle. We believe it is important from an accountability point of view for the Members of the Legislative Assembly and the general public to have one last look at these recommendations which have not been adopted.

**8.9** For the most part, we have not given any comment on our 2002 and 2003 audits, other than that provided by Exhibit 8.1. (The exhibit refers to our prior Reports in the "Year" column to enable the reader to find the original recommendations either online or through a hard copy of the Report.) In certain cases, though, where we believe a recommendation from 2002 or 2003 requires more attention

Exhibit 8.1  
Status of recommendations made by our Office

Department	Audit area	Year	Recommendations					
			Total	Not accepted	Implemented	Partially implemented	Accepted/Not implemented	No longer applicable
Various	Crown agency governance	2003	19	0	0	0	10	9
Agriculture	Internal controls	2001	8	0	8	0	0	0
Business New Brunswick	Accounts receivable	2002	6	0	6	0	0	0
Education	Pupil transportation	2001	74	5	54	10	2	3
	Distance education	2001	5	1	4	0	0	0
Environment and Local Government	Environmental inspections	2002	21	0	9	5	5	2
	Local service districts	2001	3	0	3	0	0	0
Family and Community Services	Child day care facilities	2003	22	0	7	7	8	0
	NB Housing	2003	3	0	0	2	1	0
	Prescription Drug Program	2001	17	2	11	4	0	0
Finance	Early Retirement Program	2001	7	0	0	0	0	7
	Pension plan governance	2002	23	4	10	1	7	1
	Oracle	2001	6	0	6	0	0	0
	Accounts receivable	2002	9	0	9	0	0	0
	Tax expenditure programs	2003	6	0	0	1	5	0
Health and Wellness	Client Service Delivery System	2002	1	0	1	0	0	0
	Accountability of psychiatric hospitals and psychiatric units	2003	22	1	17	1	3	0
	Prescription Drug Program	2001	10	2	5	3	0	0
Justice	Accounts receivable	2002	9	1	2	5	0	1
Natural Resources	Crown lands management	2001	10	0	3	1	6	0
Office of Human Resources	Absenteeism	2003	26	7	9	6	4	0
	HRIS	2003	5	0	3	1	1	0
Public Safety	High risk drivers	2001	18	0	12	3	3	0
	Office of the Fire Marshal	2002	23	0	15	6	2	0
	Motor vehicle revenue	2002	2	0	2	0	0	0
Service New Brunswick	Service agreements	2003	2	0	0	2	0	0
Supply and Services	Provincial archives of New Brunswick	2001	25	1	17	4	3	0
	Purchasing	2001	17	2	6	2	7	0
	Contracts for IT professionals	2001	7	0	6	1	0	0
	Cellular phones	2002	7	0	0	6	1	0
	Management of insurable risks to public works buildings	2003	16	1	1	7	7	0
Training and Employment Development	Employment development programs	2002	12	0	11	1	0	0
	Training and skills development	2003	3	0	2	1	0	0
Transportation	Vehicle Management Agency	2002	40	12	21	4	2	1

Number of recommendations made	484
Number of recommendations accepted	421
Number of recommendations implemented	260
Number of recommendations partially implemented	84
Number of recommendations from 2001 that have not been implemented (including partial and accepted)	49

from a department or agency than it has received, we have provided some additional commentary. We have also reported on recommendations from 2002 and 2003 that were originally agreed to but that are now, either tacitly or directly, disagreed with by the department or agency concerned.

**8.10** We had one limitation in our scope this year:

- With respect to our 2002 audit of cellular phones, the Department of Supply and Services did not provide us with access to the tender submissions for various services. Therefore we were unable to perform our full range of review procedures on their written update. The chief limitation imposed was that we were unable to see the supporting documentation for a yet to be awarded 30 April 2004 tender for communications services. Because of this we are unable to determine the lost savings.

## Results in brief

**8.11** Exhibit 8.1 shows that departments and agencies accepted 421 of the 484 recommendations we made in 2001, 2002 and 2003. Departments and agencies had implemented 260 of these by the time we drafted our 2005 Report. We rated another 84 as partially implemented.

**8.12** Forty-nine recommendations from 2001 have not been fully implemented. Given our practice of following up on recommendations for four years, we do not intend to follow up on these recommendations in 2006.

**8.13** The Department of Supply and Services has still not awarded tenders for cellular phone airtime usage charges and long distance charges. This is despite the fact that the Department responded to our 2002 audit on cellular phones with the statement that "The Department will be tendering for cellular air time and cellular long distance rates by the spring of 2003." The Province has ignored potentially significant cost savings by not awarding this tender. This is a lack of due regard for economy. It also contravenes the *Public Purchasing Act*.

## Comments on recommendations from 2001

**8.14** Departments and agencies have not fully implemented forty-nine of our recommendations from our 2001 Report. Exhibit 8.2 shows all forty-nine recommendations and their current status. The term "partial" in the final column means we have judged the recommendation as partially implemented. The term "accepted" means we have determined the department or agency has not made progress with the recommendation, but neither have they disagreed with it in their responses of the last four years.

Exhibit 8.2  
Recommendations made in 2001 that were not fully implemented

Department	Audit	Recommendation	Result after four years
Education	Pupil transportation	We recommended that the Department ensure that routes and bus stops are re-evaluated on a regular basis.	partial
		We recommended that the Department develop standards regarding the definition of an acceptable driver abstract and apply this definition consistently on a province-wide basis.	partial
		We recommended that the Department formally define an "acceptable" criminal record and ensure consistent application on a province-wide basis.	partial
		We recommended that the Department formalize the requirements for reference checks on all prospective school vehicle drivers. We recommended the Department document the results from interviews and reference checks in all employee files.	partial
		We recommended that the Department use accident statistics regarding types of accidents as a tool for planning topics for refresher courses.	partial
		We recommended that the Department analyze accident statistics on a per driver basis to better enable the Department to monitor driver habits.	partial
		We recommended that the Department formalize performance expectations for bus drivers, and establish a standard performance appraisal process. We recommended that the Department ensure these standards are implemented on a province-wide basis.	partial
		We recommended that the Department ensure superintendents are fulfilling their responsibilities concerning performing performance appraisals on drivers as per Regulation.	partial
		We recommended that the Department establish responsibility for student council owned vehicles.	partial
		We recommended that the Department ensure drivers of student council owned vehicles are following the guidelines provided by the Department.	accepted
		We recommended that the Department monitor the number, types, age, and condition of student council owned vehicles to ensure the safety of this mode of transportation.	accepted
		We recommended that the Department consider an appropriate form of driver training for drivers of student council owned vehicles.	partial
Family and Community Services	Prescription Drug Program	To ensure that health cards are issued in a fair manner, we recommended that the financial eligibility requirement for each of the four groups of health card recipients within the plan be reviewed and amended, as necessary. The eligibility requirements for the "health card only" should be enhanced so that they are clear to employees and applicants.	partial
		We recommended that the two departments work together and determine their information needs, including whether or not the PDP Division should have access to NBCase. Formal communication channels between the two departments should be established.	partial
		We recommended that the two departments work together and develop a proper monitoring system for the plan that satisfies both departments' needs.	partial
		In order to enhance accountability for the plan, we recommended that the two departments formalize their relationship in a written agreement that states their roles and responsibilities. We recommended that the two departments establish goals for the plan. We also recommended that the two departments establish a formal working committee that meets regularly to ensure that interdepartmental issues are identified and addressed promptly.	partial
Health and Wellness	Prescription Drug Program	We recommended that the two departments work together and determine their information needs, including whether or not the PDP Division should have access to NBCase. Formal communication channels between the two departments should be established.	partial
		We recommended that the two departments work together and develop a proper monitoring system for the plan that satisfies both departments' needs.	partial
		In order to enhance accountability for the plan, we recommended that the two departments formalize their relationship in a written agreement that states their roles and responsibilities. We recommended that the two departments establish goals for the plan. We also recommended that the two departments establish a formal working committee that meets regularly to ensure that interdepartmental issues are identified and addressed promptly.	partial
Natural Resources	Crown lands management	We recommended that the Department 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. These should be disclosed in the Department's key public documents.	accepted
		We recommended 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.	accepted
		We 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.	accepted
		We recommended that the Summary of Performance of Crown Timber Licensees be published in the Department's annual report at the conclusion of each five-year management plan. The Department should also consider an annual update on progress made regarding outstanding deficiencies.	partial
		We recommended that the performance measures in the "Summary" be linked to the Minister's four responsibilities for Crown lands.	accepted
		We recommended that the Annual Report of the Department provide actual and budget financial information in summary form and a narrative explaining major variances for all major types of revenue and expenditures.	accepted
		We recommended that the Department report other aspects of financial performance related to Crown land. This could include a statement clearly showing all the revenues and expenditures it incurs in the "business" of harvesting of Crown wood.	accepted

## Exhibit 8.2

## Recommendations made in 2001 that were not fully implemented - continued

Department	Audit	Recommendation	Result after four years
Public Safety	High risk drivers	We recommended the Department formally document a definition of high risk driver. To the extent possible, this definition should be consistent with national perspectives.	partial
		We recommended the Department expand its driver re-education courses to include additional types of high-risk driving behaviours.	accepted
		We recommended the Department adopt criteria to assist the Registrar in a more proactive application of section 95(3).	accepted
		We recommended the Province of New Brunswick consider the costs and benefits of joining those other Canadian jurisdictions that have initiated a mandatory medical testing program designed to identify those ageing drivers who pose a risk to themselves or others.	partial
		We recommended the Department develop ways to ensure notices of suspension are delivered in a timely fashion to high-risk drivers.	accepted
		We recommended the Department revisit possible legislative changes regarding mandatory photo ID and impounding vehicles to determine if they have merit.	partial
Supply and Services	Provincial archives	We recommended that PANB develop a formal succession plan to cover key staff who will be retiring under the VERW.	accepted
		We recommended that PANB develop a regular review process to ensure that organizational policies and procedures are consistent with the Archives Act, the strategic plan, and current archival standards.	accepted
		We also recommended that a plan be developed to clear the backlog of private records that do not currently appear in a finding aid.	partial
		We further recommended that the finding aids for cartographic records be computerized to improve accessibility to them.	partial
		We recommended that PANB play a central role in developing and implementing an audio-visual records management strategy for the Province of New Brunswick, as seems to be their role under the Records Management Policy discussed previously in this chapter. As part of that strategy, guidelines should be developed that will be applied by departments in managing their audio-visual records.	partial
		We recommended that a PANB staff member be constantly present in the research room at the Bonar Law building during open hours.	accepted
		We recommended that performance indicators be developed for each organizational strategic objective, that targets be set for each performance indicator, and that actual achievement be reported against those targets in the Department of Supply and Services' annual report. This may require capturing additional data relating to the day-to-day operations of PANB.	partial
	Purchasing	We recommended that purchases of services of \$10,000 or less be subject to the same provisions as purchases of supplies between \$1,500 and \$5,000.	accepted
		We recommended that there be an effective monitoring process for contracts where the risk to the Province of incurring unexpected costs or unexpected delays in delivery are significant. We recommended that the Department of Supply and Services undertake this responsibility.	accepted
		We recommended that the use of exemptions be reviewed for compliance with legislation.	partial
		We recommended that the Department ensure legislation and policy covering the granting of preferences over \$25,000 for schools are consistent.	accepted
		We recommended the Department receive reports on exempted professional services purchased by departments.	accepted
		We recommended that the Minister ensure that legislation clearly assigns responsibility for ensuring the compliance of government funded bodies with the Act.	accepted
		We recommended that the Minister ensure that legislation clearly gives him the right to examine the records of government funded bodies.	accepted
		We recommended that the Minister put in place systems and practices to ensure the compliance of government funded bodies with the Act.	accepted
		We recommended that the purchasing of exempted supplies and services follow a process that will ensure a fair and equal opportunity to compete for government contracts.	partial
	Contracts for IT professionals	We recommended the Department release the IPS contract to departments earlier. This would provide departments with adequate opportunity to comply with the terms and conditions of the IPS, in particular the requirement to obtain three quotes. Releasing the IPS earlier would also help departments plan their IT activities if they have key skills contracted under this contract of supply.	partial

**8.15** These recommendations have reached the end of the four year follow-up cycle. We believe it is important from an accountability point of view for the Members of the Legislative Assembly and the general public to have one last look at these recommendations which have not been fully implemented. Perhaps the Members could reflect upon them when making their enquiries during meetings of the Public Accounts Committee and the Crown Corporations Committee.

**8.16** In the following paragraphs, we also repeat those recommendations from 2001 we consider to be of significance and of a nature that should be brought to the attention of the Legislative Assembly once again. The recommendations are from 2001 audits in:

- Department of Education - Pupil transportation;
- Department of Family and Community Services (FCS) and Department of Health and Wellness (DHW) – Prescription Drug Program;
- Department of Natural Resources – Crown lands management;
- Department of Public Safety – High risk drivers;
- Department of Supply and Services – Provincial Archives; and
- Department of Supply and Services - *Public Purchasing Act*.

**8.17** We provide responses the departments and agencies made with respect to those recommendations. Where applicable, we have added our own comments.

### ***Department of Education Pupil Transportation***

**8.18** This audit had over seventy recommendations. The Department has been thorough in implementing the recommendations and most have either been implemented or partially implemented. We have commended the Department's swift implementation in a prior Report.

**8.19** We do wish to note four recommendations that have not been implemented though. These four addressed various issues around student council vehicles. Because of the potential impact on safety, we believe we should repeat those recommendations in an attempt to ensure they are dealt with. In recommendations 3.307 through 3.310 of our 2001 Report we **recommended that the Department:**

- **establish responsibility for student council owned vehicles;**
- **ensure drivers of student council owned vehicles are following the guidelines provided by the Department;**
- **monitor the number, type, age, and condition of student council owned vehicles to ensure the safety of this mode of transportation; and**



- **consider an appropriate form of driver training for drivers of student council owned vehicles.**

**8.20** The Department's initial response to the four recommendations was:

*In February 2000, the Department published a series of guidelines for the use of student council vehicles. The guidelines were the results of discussions with two ad-hoc committees (English and French) composed of school principals, school districts student services coordinators, physical education teachers and department staff. Copies of the guidelines were provided to all middle and high schools across the Province. Following the publication of those guidelines and feedback the Department is now developing a formal policy of these issues. This policy will be finalized during the 2001-2002 school year and will establish minimum training for the drivers of those vehicles and set safety standards.*

**8.21** In 2003 the Department added that "the Pupil Transportation Branch issued guidelines on the use of Student Council Vehicles and other vehicles for school related activities in February 2000". In 2004 the Department advised us "Two policies were drafted: Policy 512 (Student Council Vehicles) and Policy 513 (Transportation to and from Off-Site School-Related Activities)." Further, the Department noted it was "waiting for legal advice prior to making them official. For the time being, school districts are making use of the guidelines that were issued in 1999."

**8.22** This year a similar statement said "in 1999, guidelines were distributed to all school districts. A draft policy has been developed. The department is waiting for legal advice prior to final review with school districts."

***Department of Family and Community Services (FCS) and Department of Health and Wellness (DHW) Prescription Drug Program***

**8.23** This audit originally had 17 recommendations. At the time of preparing this chapter, five of the recommendations appear in Exhibit 8.2.

**8.24** During the past year, the departments formed a joint committee for the purpose of addressing the issues raised in the audit. The joint committee has successfully implemented four recommendations in the past few months. Two recommendations still not fully implemented are shown below. We repeat those recommendations along with charts showing the departments' responses for four years. In our opinion,

these responses provide an excellent example of how time can continue to elapse when two departments must work together to resolve an issue.

- **(5.111) - We recommended that the two departments work together and determine their information needs, including whether or not the PDP Division should have access to NBCase. Formal communication channels between the two departments should be established.**

Exhibit 8.3

Year	Family and Community Services Responses	Health and Wellness Responses
2001	Access to the NBCase system by PDP is not an option at this time due to current legislation that prevents such sharing of personal information with other departments	PDP will assign a staff person to work with FCS staff in determining information needs and establishing a formal communication process.
2003	No access to NBCase by PDP will be provided at this time.	PDP has assigned a staff person to determine information needs. FCS has informally advised that access to the NBCase system by PDP is not an option at this time due to current legislation that prevents the sharing of personal information with other departments. FCS has agreed to put in place a communication mechanism including the resolution of case-specific situations.
2004	FCS and DHW representatives have met and mutually decided that access to NB Case would not be necessary as long as policies and procedures were sent to PDP on a regular basis. A program consultant in Housing and Income Support Branch of FCS has been assigned the responsibility to communicate any new changes to PDP. Both departments have worked very closely over the past two years to establish appropriate communication channels and this communication is on-going.	PDP will revisit the FCS decision concerning access to NBCase.
2005	FCS has received a legal opinion stating that we should not be providing access to NB Case to a staff person outside our department. PDP will seek their own legal opinion as they have the mandate in their legislation to administer Plan F for prescription drugs. PDP will discuss the issue again with FCS as soon as a legal opinion is received.	PDP has obtained a departmental opinion which seems to contradict FCS's position on PDP accessing the NBCase System. This will be raised at the PDP/FCS Liaison Committee to determine steps required to resolve this issue.

- **(5.126) - We recommended that the two departments work together and develop a proper monitoring system for the plan that satisfies both departments' needs.**

Exhibit 8.4

Year	Family and Community Services Responses	Health and Wellness Responses
2001	We endorse the need for monitoring of all programs, including those related to Plan F and are willing to discuss this issue with PDP, although we recognize that monitoring of a jointly administered program presents challenges, especially with limited resources. The costs associated with monitoring vs. the benefits to be realized will have to be identified before any FCS resources are committed.	PDP currently monitors prescription drug usage of FCS clients for its own purpose. The program has shared or created documents when requested by FCS. PDP would be willing to co-operate in a more formal process that would enable both departments to share available data for use in program management.
2003	Meetings between two departments on this issue are ongoing.	<p>PDP continues to monitor prescription drug usage for all of its clients and continues to be willing to share this case management data with FCS. However, FCS has advised that it is not currently considering any procedures that might be necessary to enable its case managers to deal with the actions that might be indicated as a result of receiving such information.</p> <p>Any successful monitoring and prevention strategy will require joint departmental response for abuse of prescription drug privileges. Further discussion is necessary within DHW and with FCS to determine a strategy and the responsibility to deal with abuse issues.</p> <p>FCS has advised that the costs associated with monitoring vs. the benefits to be realized would have to be identified before any FCS resources would be committed to this recommendation.</p>
2004	FCS and DHW representatives have meet on a regular basis to discuss various issues and monitor the health card process. This is on-going between the two departments.	PDP continues to monitor prescription drug usage for all of its clients and continues to be willing to share this case management data with FCS. PDP proposes to address this issue under the draft Terms of Reference for the PDP/FCS Committee.
2005	This issue is part of the Liaison Committee's Work Plan. FCS is confident that the Committee will develop a proper monitoring system for the plan that will satisfy both department's needs.	PDP believes this recommendation has been implemented. PDP continues to monitor drugs usage of all clients and currently shares this information with FCS case managers on a case-by-case basis. A process for sharing information is included on the PDP/FCS Liaison Committee work-plan.

***Department of Natural Resources – Crown lands management***

**8.25** The recommendations that remain to be implemented relate to performance reporting. **We recommended that**

- **(6.59) - the Department 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*. These should be disclosed in the Department's key public documents.**
- **(6.79) - 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.**
- **(6.97) - 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.**
- **(6.104) - the performance measures in the "Summary of Performance of Crown Timber Licensees" be linked to the Minister's four responsibilities for Crown lands.**
- **(6.117) - the Annual Report of the Department provide actual and budget financial information in summary form and a narrative explaining major variances for all major types of revenue and expenditures.**
- **(6.122) - the Department report other aspects of financial performance related to Crown land. This could include a statement clearly showing all the revenues and expenditures it incurs in the "business" of harvesting of Crown wood.**

**8.26** In October, 2005 the Department responded to our April 2005 request for an update as follows:

*The Department has considered setting measurable goals and objectives to align with each of the Minister's responsibilities of (1) development, (2) utilization, (3) protection and (4) integrated management of the resources of Crown land as set out in section 3(1) of the Crown Lands and Forests Act. The Department has concluded that attempts to isolate each of these four responsibilities for goal setting purposes were fraught with*

*difficulty because many of the department's activities cannot be easily placed in one of these four categories. (For example is plantation herbiciding a "protection" or "development" responsibility?) The Department believes that reporting on such activities as silviculture in the fashion it did in the 2003-04 Annual Report is the best way to display what it accomplished with the public funds provided by the Legislature.*

*The Department recognizes that it can improve the financial information it provides about revenue by linking it more closely to specific program activity and will undertake to do so beginning with the 2005-06 Annual Report.*

*In 2005-06 the Minister of Natural Resources will be releasing the department's first ever "State of the Forest" report. This document, together with the web links that will be provided, will greatly enhance the information about Crown Land Forest Management made available to the public.*

***Department of Public Safety  
High risk drivers***

**8.27** For two of the six recommendations not fully implemented, the Department responded to our 2005 update letter by informing us that the recommendations had been implemented. Our field work this summer, however, indicated that this was not the case. In 2001 we recommended the Department

- **(7.74) - adopt criteria to assist the Registrar in a more proactive application of section 95(3).**
- **(7.84) - develop ways to ensure notices of suspension are delivered in a timely fashion to high-risk drivers.**

**8.28** We encourage the Department to revisit these two recommendations.

***Department of Supply and Services – Separate audits of the Provincial Archives and the Public Purchasing Act***

**8.29** We made 42 recommendations on these two audits combined. Sixteen of these are still outstanding although some work has been done on at least six of these.

**8.30** During the four years since we carried out the audits, the Department has raised a lack of resources as a reason for not being able to deal with some of the matters, particularly reviewing and enforcing the *Public Purchasing Act*.

## Comments on recommendations from 2002 and 2003

### *Department of Supply and Services – 2002 audit of cellular phones*

**8.31** During this audit we recommended the Department comply with the *Public Purchasing Act* and tender airtime and long distance usage for cell phones.

**8.32** At the time of the audit in 2002 the Department responded:

*The Department will be tendering for cellular air time and cellular long distance rates by the spring of 2003, in conjunction with the new cellular hardware contract. This is consistent with the telecom procurement policy approved by the Board of Management at the request of the Department of Supply and Services.*

**8.33** Two years later, in 2004, the Department stated “RFP's have been issued for cellular service plans and long distance which will result in five year service contracts”. When we reviewed the issue this year the Department responded that it “has released a series of tenders for these services”.

**8.34** Despite its commitment in 2002, the Department of Supply and Services has still not awarded tenders for cellular phone airtime usage charges and long distance charges. By failing to award these tenders on a timely basis, we estimate the Province has paid hundreds of thousands of dollars in unnecessary cellular airtime and long distance charges. This is a lack of due regard for economy. And, as importantly, this also contravenes the *Public Purchasing Act*.

### *Department of Transportation – 2002 audit of Vehicle Management Agency*

**8.35** During this audit we recommended that the Agency revisit the **Balanced Scorecard to ensure it includes established industry benchmarks for its performance indicators.**

**8.36** In its original response from 2002, the Department said “VMA agrees to review information on industry standards and will consider the feasibility of using this information in various aspects of measuring performance.” Last year the Department added “VMA is in the process of fine tuning and reviewing the Balanced Scorecard. The recommendation will be considered during the review.”

**8.37** In 2005, however, the Department informed us “Because of the diversity of the vehicle fleet (e.g. type of vehicle, make model, age and nature of use) being repaired at its shops, VMA is currently using internal benchmarks to compare results from similar size Agency shops rather than comparing to industry benchmarks.”

**8.38** Based on this response, we concluded the Department has decided not to include industry standards in its balanced scorecard. Thus, we will not be carrying this recommendation forward to future years.

**8.39** We do believe, though, that there is value in rereading our original reasoning for recommending that the Agency use external benchmarks. Paragraph 9.118 of our 2002 Report says:

*One general comment we can make by looking at the performance measures in the Balanced Scorecard is that they are limited to comparing performance of individual shops to the Agency average. Certainly this does offer a valuable perspective. It is important to have good historical data on your own performance. And it is a worthwhile exercise to see how components of the organization have compared to the organization as a whole. But there are some limitations to using only internal comparisons. By comparing the Agency's performance to established fleet benchmarks, the Agency would be in a better position to assess performance and to determine where corrective action may be necessary. It would have more objective evidence of whether it was doing a good job.*

**8.40** Further, the Auditor General's Introductory Comments in that 2002 Report noted "In situations where government is providing services that can also be provided by the private sector it is extremely important to regularly evaluate whether or not a change should be made. This is the only way to ensure taxpayers are receiving value for money."

***Department of Health and Wellness – 2003 audit of accountability of psychiatric hospitals and psychiatric units***

**8.41** During this audit we recommended that each psychiatric services agreement be signed by both the Division and the RHA to ensure mutual agreement and understanding of expectations. In this year's update the Department responded:

*The Department has not instituted the practice of having the psychiatric services agreement signed by both the Division and the RHA to ensure mutual agreement and understanding of expectations. The delivery of Services is outlined in the Appendix of the Provincial Health Plan. Budget and standards that must be followed are in a letter signed by the Minister to the RHA Chairman.*

*The Department believes that the appropriate vehicle for reaching such agreement and understanding is the Collaborative Leadership Forum.*

**8.42** We concluded the Department will not adopt the recommendation.

***Department of Supply and Services – 2003 audit of management of insurable risks to public works buildings***

**8.43** During this audit we recommended that the Department of Supply and Services establish value for each building it is responsible for and update these values on SBGS on a regular basis. This year the Department replied “At this time we do not see any merit in establishing a value for each building in our inventory. This would be low on our priority list.” In other words, the Department disagrees with the recommendation.

***Office of Human Resources (OHR) - 2003 audit of management of absenteeism***

**8.44** During this audit we recommended that the Office of Human Resources develop systems that enable supervisors to review reports that would clearly show the development of absences patterns, and ensure that short but frequent absences are appropriately scrutinized and reviewed by management.

**8.45** We also recommended an additional systems enhancement: OHR should develop a formalized trigger regarding the number of days absent that would force a review by management and/or Human Resource personnel. *Example: If an employee is absent x number of days, a meeting would take place between employee and employer to discuss the situation and possible return to work.*

**8.46** The Office of Human Resources wisely chose to carry out a cost benefit analysis prior to making the enhancements. It replied to us this year that “an assessment of the merits of enhanced reporting was completed by OHR and it was determined that enhanced reporting was not warranted at this time as it was not cost-beneficial”.

**8.47** Based on this response, we do not intend to track these two recommendations further.