

Chapter 7

Follow-up on Prior Years' Audit Work

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Follow-up on Prior Years' Audit Work

Background

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

7.2 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.

7.3 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.

7.4 We believe that the actions taken in response to our recommendations are an indicator of the value that we add in promoting productive, open and answerable government.

7.5 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

7.6 This chapter includes an update on our 1999 and 2000 recommendations and for the first time we present an update on our 2001 recommendations. In prior years we disclosed that a number of recommendations from the 1999 and 2000 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.

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

- those that were 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.

7.8 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 have general application to government processes and can result in future improvements.

7.9 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.

Summary of the audits covered in this chapter.

Department/Agency	Audit area	1999	2000	2001
Environment and Local Government	Tire Stewardship	x		
Various departments	Contract Administration	x		
New Brunswick Liquor Corporation	Governance	x		
Health and Wellness	Food Safety	x		
Agriculture, Fisheries and Aquaculture	Review of Legislation		x	
Environment and Local Government and Health and Wellness	Domestic Well Water Quality		x	
Natural Resources and Energy	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 and Energy	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
Agriculture, Fisheries and Aquaculture	Audit of Controls			x
Environment and Local Government	Local Service Districts			x
Finance	Review of Oracle Accounts Receivable System			x
New Brunswick Distance Education Network Inc.	TeleEducation			x

The following chart shows the total number of recommendations made for each year. It also shows how many have been implemented and partially implemented.

Audit year	Recommendations			
	Total	Implemented	Partially Implemented	Percentage
1999	99	42	20	63
2000	92	38	28	72
2001	190	100	37	72
Total	381	180	85	70

7.10 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.

1999 recommendations

7.11 This is the last year we will be updating the outstanding recommendations from the 1999 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 1999 recommendations that have not been implemented.

Department of the Environment and Local Government

Tire stewardship

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

7.13 All but three of the recommendations have been implemented. An update on the three remaining recommendations has been prepared.

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

7.15 The accrued processing fees are to be paid to the Tire Recycling Atlantic Canada Corporation (TRACC) when products containing recycled materials are sold by the Board. As inventories of recycled materials grow, so does the liability. An effective recycling program would see the balance remaining constant. In our 1999 audit we saw evidence that the liability was growing rapidly.

7.16 The liability reported in the audited financial statements of the Tire Stewardship Board has declined steadily over the past few years. In 1999 we reported that the balance at one time had been valued in excess of \$1,700,000. The latest information shows that the balance has now been reduced to \$225,000.

7.17 However, there were other questions raised in our audit. For example, we were concerned that the amount of the liability was not consistent with the inventory levels. We also asked why the financial statement liability continued to grow when the number of tires remained fairly constant. As well the Board was actively working on HST requirements, a matter that could reflect on the existing fee. No study was conducted to address these issues. The Department indicated to us, this year, that they will conduct follow-up on these issues.

7.18 We recommended the Department and the Fire Marshal develop a comprehensive plan that identifies who will inspect TRACC for the various legislated and contractual requirements.

7.19 As reported last year, the Department indicated that it will continue to inspect the TRACC facility, as required, to ensure compliance with the approval to operate. It also indicated that the Fire Marshal's Office will continue to provide technical support. However, no comprehensive plan has yet been developed. Without a formal commitment in place for inspection, we conclude that the recommendation has not been fully implemented.

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

7.21 We reported in the past that there has been evidence of communication between the two parties in inspections. However, the organization of an established and co-ordinated plan for scheduling, reporting and taking corrective action on inspections did not take place.

Contract administration

7.22 It was readily apparent from our work and our findings in our 1997 and 1998 annual Reports that contracts between the Province and its suppliers are very important. More and more services were being delivered by the private sector and many contracts have lives extending over multiple fiscal years. The objective of this audit was to determine what systems were in place to ensure contracts were being administered in accordance with negotiated terms and conditions. We examined eight departments in making this assessment.

7.23 The following four recommendations remain only partially addressed, as we comment on the status of recommendations for the final time. The first recommendation is general in nature.

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

7.25 As stated last year, we found that a mixture of practices existed in the departments. While we had hoped to see a requirement that all departments maintain a registry, this has not happened.

7.26 The remaining three recommendations relate to the Department of Family and Community Services.

7.27 The Department reported last year that a targeted implementation date of 31 March 2003 had been set for the following three partially implemented recommendations. This year we were informed that the implementation date has been moved to 1 April 2004.

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

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

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

New Brunswick Liquor Corporation

Governance

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

7.32 As reported last year, the Board of Directors agreed with only six of the recommendations but they promised to take the necessary action to adopt these. Due to unforeseen circumstances, we were unable to complete the follow-up work in time to report the results last year. The follow-up was subsequently completed and we can report that the following five recommendations have been implemented.

7.33 **We recommended that the Board prepare Board member and chair profiles and provide them to decision-makers when Board vacancies are to be filled.**

7.34 **We recommended that the existing corporate Standards of Conduct policy be extended to cover Board members.**

7.35 We recommended that the Board carefully consider its roles and responsibilities and document a Board position description that clearly summarizes them.

7.36 We recommended that Board members of NBLC familiarize themselves with at least some of the governance publications referred to in our audit report. This could be achieved by providing group presentations to the Board, or through individual review of these publications.

7.37 We also recommended that, as a minimum, summary level Internal Audit Group reports be provided regularly to all Board members for their review.

7.38 The following recommendation has been partially implemented.

7.39 We recommended that the Board take ownership of the NBLC annual report as the vehicle through which it discharges its accountability obligation to the Minister of Finance.

7.40 We were disappointed to learn that the Board disagreed with the following thirteen recommendations, which were made with the intent of improving the accountability and performance of the Corporation.

7.41 We recommended that consideration be given to having the CEO continue as an ex-officio member of the Board, but on a non-voting basis. This could be done by a change in legislation.

7.42 We recommended that the Board conduct formal annual self-assessments of its performance.

7.43 We recommended that it be clearly established what the Board of NBLC is accountable for, to whom they are accountable, and how that accountability obligation is to be discharged. This would be most appropriately done through legislation.

7.44 We recommended that the Board include in their roles and responsibilities document, a description of what they are accountable for, to whom they are accountable, and how that accountability obligation is to be discharged.

7.45 The Board should promote a strategic planning process that: develops a clear and concise mission statement; develops an explicit list of strategic objectives for the corporation; develops performance indicators for each of the strategic objectives; and develops a plan for how performance indicators are to be measured, evaluated, and reported.

7.46 Performance results should be reported through the corporate annual report.

7.47 The master operating plan should identify annual performance targets for each performance indicator identified in the corporate strategic plan.

7.48 We recommended that the Board reconsider its informational needs. It appears that additional or repackaged information would be appropriate to aid the Board in assessing management progress in achieving plans, in ensuring that corporate assets are not subject to undue risk, and in ensuring that corporate policies are complied with. Additional information needed should be requested of management.

7.49 We recommended that the Board select and recommend to the Lieutenant-Governor in Council, future candidates for the position of NBLC CEO, in compliance with the *New Brunswick Liquor Corporation Act*. Alternatively, the Act should be changed to reflect actual practice.

7.50 We recommended that the Board perform a formal performance appraisal of the CEO on an annual basis. All Board members should be given the opportunity to provide input into the process.

7.51 We recommended that a job description for the CEO be prepared.

7.52 We recommended that the annual report be modified to comply with the provincial annual report policy.

7.53 We recommended that the NBLC Board chair appear annually before the Crown Corporations Committee along with the CEO.

7.54 We have been recently informed by the chair of the current Board that in the past year the Board has approved a new mission statement and a five-year strategic plan with goals, objectives and specific strategies. He also informed us that they are planning further changes to promote effective board governance and provide greater accountability.

Department of Health and Wellness

Food safety

7.55 Following our theme of safety, we conducted an audit of the systems and practices in place that ensure food service establishments in the Province are complying with food safety standards. In total we made thirty-six recommendations to the Department.

7.56 While the Department's response to our recommendations was generally positive, only four recommendations have been implemented since the audit was conducted in 1999. No recommendations were implemented in the 2002-2003 year. This leaves a large number of recommendations that are still awaiting departmental action.

7.57 The Department reports that the completion of new legislation is delaying the advancement of the food safety program and the implementation of our recommendations. In 2001, when we first revisited the Department to discuss their progress in implementing the audit recommendations, the Department indicated that the changes to legislation were expected to be completed in the fall of 2001 and the Food Program Policy and Guidelines were expected to be implemented in 2002. In 2002, when we updated the Department's progress for the second time, the Department reported that they were not expecting the changes to legislation before the fall of 2002 and the implementation of the guidelines by January 2003.

7.58 This year, we have prepared our final report on the status of these recommendations. The Department's most recent update discloses that they are now anticipating the changes to legislation by fall of 2003. The Department has made it clear that implementation of the Food Program Policy and Guidelines will follow the legislation and the quality assurance work will be completed following the approval of the Guidelines.

7.59 As is our practice, we list all outstanding recommendations after we have updated them for the third and final time. There are thirty-two recommendations that have not been implemented, although we have determined that twelve of these have been partially addressed. We are dismayed with the lack of progress in making positive changes in this area, especially since the matter relates to public safety.

7.60 **The Department should establish a training policy that encompasses both training of newly hired inspectors and continuing professional development of experienced inspectors. Among other things, the training for new inspectors should include an orientation to New Brunswick's legislation and specific training on Regulations, policies and procedures relevant to their work.**

7.61 **Current training needs should be identified and assessed. A training plan should be established to reflect these needs and it should be incorporated into the financial budget.**

7.62 **When the new Regulations are established, all Public Health Inspectors should receive training in order to ensure a consistent understanding and application of the Regulations.**

7.63 **In an attempt to reduce the risk of the loss of objectivity, the conflict of interest policy should be communicated and monitored.**

Consideration should be given to ways of reducing the risk of impaired objectivity. We believe that rotating food service establishments amongst the inspectors would be helpful. A quality control/professional review system would be both practical and effective.

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

7.65 We encouraged the Department to continue its efforts to complete the Regulations as soon as possible, for the recently assented new *Public Health Act*.

7.66 The Department's enforcement policy states, "Our Food Service Establishment license must be treated with no less respect than is required for a driver's license or motor vehicle license. It is not a revenue producer but a control measure to protect the health of the public." With the same analogy to a driver's license in mind, we recommended that "ticketing" be considered as a means of enforcing compliance with the Regulations.

7.67 We encouraged the Department to explore other means of enforcement. For example, having the food service establishment post its most recent inspection report could be a requirement having enforcement benefits. The watchful eye of the consumer in this competitive environment could serve as a strong incentive for food service establishment operators to comply with legislation requirements.

7.68 Appropriate policies and procedures for the food control program should be clearly established, properly documented, effectively communicated and distributed to staff, and reviewed on an annual basis. In preparing a policy and procedures manual, the regions should be consulted as some regions have valuable information that is worth sharing and the inspectors know particular areas where guidance is needed.

7.69 Policies and procedures should address the following, among other things.

- the goal of the food control program and the objectives of activities (inspections, food-handling courses, complaint response);

- the responsibilities of the inspectors;
- training procedures for newly hired inspectors and ongoing training for existing staff;
- the conflict of interest policy to promote objectivity;
- the inspection process including the enforcement of the Regulations, the inspection reports, and the means of handling complaints from the public;
- the accountability links and the reporting system; and
- the responsibility for monitoring adherence to policies and procedures.

7.70 Inspections should measure compliance with the Act and Regulations relating to food service establishments. The inspection checklists should be reviewed and updated to ensure that all Regulations and legislated requirements are covered by the inspection. The checklist should not be so stringent that it eliminates the opportunity to use professional judgement in non-critical areas of the inspection.

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

7.72 The issues concerning scoring should be resolved. If it is decided that scoring is beneficial and is to be used, then inspectors should be given guidance to ensure that it is used consistently.

7.73 The practice of self-inspection should be considered. We believe that self-assessments that are signed by food service establishment owners and submitted to the regional office for review could be an effective procedure for measuring compliance.

7.74 By doing risk assessments of food service establishments, inspectors will be able to determine the required inspection frequency, plan the necessary activities and then schedule them accordingly. Risk assessments should be updated on an annual basis.

7.75 Inspections should be done in accordance with the predetermined coverage plan. An inspection schedule should be compiled on an annual basis. It should be updated as needed to ensure compliance with policies throughout the year. To use resources more effectively, higher-risk food service establishments should be targeted as having priority in the schedule.

7.76 All violations that have been identified should be addressed. When appropriate, follow-up inspections should be done to determine if identified deficiencies have been corrected.

7.77 The practice of self-inspection and reporting should be considered as a means of follow-up to determine if identified deficiencies have been corrected.

7.78 Inspection reports should be complete. The reports should document all areas of non-compliance with the Regulations with dates for correction and have signatures of both the operator and the inspector.

7.79 The inspection report should be consistently prepared by all inspectors.

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

7.81 The Department should consider requiring daycares to comply with the Regulations for food service establishments. We believe that daycares have high food related risks and should be subject to the same rigorous inspection as schools and other food service establishments. The Department should consider whether there are other provincially licensed institutions, such as adult residential facilities, that perhaps should be required to comply with the food service establishment Regulations.

7.82 The form used by inspectors to guide their inspection of daycares should be standardized and used consistently by all regions in the Province. We are concerned with the limited inspection of the kitchen facilities that the current forms suggest.

7.83 The annual license fees, and in particular the annual license fee for a food service establishment with a seating capacity of greater than fifty, should be reviewed to determine whether the Department is recovering the targeted percentage of costs. The fees should be changed if appropriate.

7.84 Means of monitoring and reporting on the inspection function should be established and performed regularly. The

accountability links should be clarified and a reporting system should be established.

7.85 The responsibility for monitoring adherence to policies and procedures should be clearly assigned to one person at central office.

7.86 Quality control procedures should be established.

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

7.88 Public Health Inspector workloads should be examined and adjusted if necessary.

7.89 The Department should establish performance indicators and ongoing monitoring procedures for evaluating performance of the food service establishment inspection function at both the regional and provincial levels.

7.90 The food service establishment inspection function should attempt to lower the level of violations. The level of compliance with the Regulations should be monitored and evaluated.

7.91 A means of hearing and addressing “suggestions for improving performance” from staff and food service establishment operators should be established.

2000 recommendations

Department of Agriculture, Fisheries and Aquaculture

Review of legislation

7.92 We are updating the recommendations we made in our 2000 Report for the second time. A detailed update was first prepared last year.

7.93 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.

7.94 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.

7.95 While we chose one department, Agriculture, Fisheries and Aquaculture (AFA), 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 AFA.

7.96 We made ten recommendations to the Department at the conclusion of the audit. At this stage two of the recommendations have now been implemented and two have been partially addressed. At the same time last year none of the recommendations had been implemented.

7.97 The Department agrees with all of the other recommendations. As mentioned last year, the Department responded that since we had proposed that three of the matters be considered for all legislation and departments, it would be appropriate that they be submitted to government for their consideration and appropriate action rather than looking just to AFA for action. The three recommendations read as follows.

7.98 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.

7.99 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.

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

7.101 There is a fourth recommendation which is worthy of consideration by departments other than AFA.

7.102 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.

7.103 We were pleased to see that during the past year the Department acted on this recommendation by creating a new staff position called "legislative co-ordinator". The responsibilities of the position include reviewing all legislation on an ongoing basis to ensure it is up-to-date and continues to be relevant. Actions reported by the Department in the

past year include the repealing of an Act, repealing of regulations, processing amendments to legislation and proclamation of an Act.

7.104 The other recommendation which the Department implemented in the past year was as follows.

7.105 We recommended that the Department, in co-operation with the Department of Justice, make any changes necessary to facilitate successful enforcement in the future for all legislation under departmental administration. Changes may involve enhancing or increasing administrative penalties such as fines, employing different techniques for evidence gathering, or proposing amendments to legislation.

7.106 The Department has begun working towards dealing with the matters raised in the final three recommendations, including one which will be addressed jointly by the Department and the Department of the Environment and Local Government.

Departments of the Environment and Local Government and Health and Wellness

Domestic well water quality

7.107 Our Office has 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*.

7.108 At the completion of this audit we issued twenty-nine recommendations to the Departments of Health and Wellness and Environment and Local Government. We reported last year that sixteen recommendations had been implemented during the two years since the audit. In the past year, two more recommendations were implemented. At present the Department of Health and Wellness has implemented four of nine recommendations while the Department of Environment and Local Government has implemented fourteen of twenty recommendations.

7.109 Eleven recommendations remain outstanding. The Departments continue to agree with all recommendations and have made satisfactory progress towards addressing them.

7.110 The Department of the Environment and Local Government was responsible for the two recommendations implemented in the past year.

7.111 We recommended that the Department of the Environment and Local Government develop procedures for monitoring and reporting on compliance with key aspects of the *Water Well Regulation* and *Potable Water Regulation* which have been assigned to the Environmental Planning Section.

Department of Natural Resources and Energy*Private forest lands*

7.112 We recommended that the Department of Environment and Local Government review its current procedures for sample collection to ensure the integrity of testing results.

7.113 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.

7.114 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.

7.115 We made seventeen recommendations to the Department of Natural Resources and Energy. This is the second year we have followed up on the progress made by the Department.

7.116 A total of six recommendations have now been implemented. The Department expressed its agreement with the remaining eleven recommendations and, in many cases, has made significant progress towards the eventual adoption of the recommendations. This is an improvement over last year when we reported that only one recommendation had been implemented.

7.117 The following five recommendations were implemented during the past year.

7.118 We recommended that the Department review the funding formula for silviculture and provide guidelines as to what are acceptable limits for administrative expenses. The formula should work to ensure that the marketing boards optimize the area treated with the funds provided.

7.119 We recommended that the Department review the funding formula for the allocation of silviculture funds to marketing boards to ensure that private lands of 5,000 hectares are appropriately considered in the distribution of funds.

7.120 We recommended that the Department implement the monitoring provisions of sections 40(1) and 45 of the *Crown Lands and Forests Act*.

7.121 We recommended the Department develop an active monitoring program over the export of wood from private forest

lands. Appropriate corrective action should be taken as required in order to encourage the management of private forest lands as the primary source of timber for wood processing facilities in New Brunswick.

7.122 We recommended the Department develop the means to ensure the accuracy of the annual cut figures for all components of private forest lands.

Department of Supply and Services

Land management fund

7.123 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.

7.124 Eleven recommendations resulted from our audit. We reported last year that three recommendations had been implemented and the Department had expressed disagreement with four recommendations.

7.125 The remaining four recommendations have not, as yet, been implemented. However the Department has achieved some progress during the past year. The main change is that a contract has now been signed to develop a new land information system. The successful completion of this system will address two of the outstanding recommendations.

Department of Transportation

Engineering consulting and road construction materials

7.126 In earlier audits 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. We decided to examine the present day purchasing and inventory operations to see how the Department had improved.

7.127 Twenty recommendations resulted from this audit. In total, five of these have now been implemented including two in the past year. For thirteen recommendations the Department is in agreement and in several cases some progress has been made towards adoption. In two cases it has now been established that the Department disagrees with the recommendations.

7.128 The following recommendations were implemented during the year.

7.129 We recommended the Department determine if the policy of purchasing goods indirectly through contractors rather than directly through suppliers is saving money.

7.130 The Department is conducting such evaluations on a routine basis.

7.131 We recommended the Department perform a formal cost-benefit study to determine if lengthening the product guarantee term in “end result specifications” (ERS) contracts would be beneficial to the Province. If the results of the study indicate a longer guarantee term is beneficial then it should be adopted.

7.132 In general terms, the recommended cost-benefit study has been acted upon. The Department's decision was to not extend product guarantee terms and they based their conclusion on the report of an external consultant.

7.133 The Department disagreed with the following two recommendations.

7.134 The Department should do a formal cost-benefit study to determine the smallest contract size at which the adoption of ERS represents good value for money to the taxpayers of New Brunswick.

7.135 We recommended that the Department implement ERS on all asphalt paving contracts where it is cost beneficial to do so.

7.136 In the Department's response they indicated that “since the current life cycle of asphalt paving is 12-15 years, at this time there is no suitable evidence to determine the impact on the average life using ERS.”

Office of the Comptroller

Provincial financial accounting system

7.137 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.

7.138 We made six recommendations following our review of this system. We reported last year that one of the recommendations had been implemented and one recommendation was disagreed with. As well, the period of relevance for one recommendation has lapsed with the passage of time. During the past year one more recommendation was implemented.

7.139 We recommended the OC have a formal sign-off to support system implementation decisions. This sign-off should be supported

by documented evidence that adequate internal controls are present in the system and operating effectively.

7.140 The two remaining recommendations are partially implemented and we will continue to track the progress in implementing these.

2001 recommendations

7.141 The recommendations from our 2001 Report are being updated for the first time.

Department of Education

Pupil transportation

7.142 Of the approximately 127,000 school age children enrolled in New Brunswick schools, about 89,000 get on a familiar yellow school bus every day. Another 6,000 are transported via contracted vans, vehicles and city buses. There are approximately 1,650 provincially owned and contracted buses and 1,500 provincial bus drivers. Parents have entrusted the Province to implement a safe and reliable pupil transportation system.

7.143 Because our Office has an ongoing interest in safety, we felt it important to address the issue of pupil transportation in the Province of New Brunswick. We believe that the Department of Education must have sound systems and practices in place to ensure the safety of the thousands of students transported by the Province daily. Further, the Department must demonstrate compliance with safety standards and regulations set by the Province.

7.144 In our 2001 Report, we made 74 recommendations as a result of an audit of the Pupil Transportation Branch within the Department of Education. We are pleased to note that the Department has taken our recommendations seriously and has done a significant amount of work in this area. In the past two years, the Department has implemented fifty recommendations and partially implemented another fourteen. We are particularly pleased to note the progress made in regards to safety training for students and bus drivers, and the increase in the number of bus inspections.

7.145 Four of our recommendations were accepted by the Department but not yet implemented. The Department has also reported that four of our recommendations are not feasible or necessary to do at this time. Two recommendations have become irrelevant because of changing circumstances.

7.146 Following is a list of the recommendations implemented by the Department.

7.147 We recommended that the Department review current methods for obtaining student data to ensure the safest possible method of updating data is used.

7.148 We recommended that the Department develop and enforce a “no standees” policy. This policy should be documented,

communicated, monitored, enforced and consistently applied throughout the Province.

7.149 The Department should provide information to both students and parents on the seat belt issue.

7.150 We recommended that the Department formalize the understanding with the newly formed Department of Public Safety to ensure lines of communication exist to inform the Department of Education regarding loss of licenses.

7.151 We recommended that the Department establish a process to monitor the ongoing validity of drivers' licenses.

7.152 We recommended that the Department obtain driver abstracts as required by Regulation. The Department should also consider the benefits of obtaining driver abstracts on a regular basis.

7.153 We recommended that the Department formalize policy regarding obtaining criminal record checks for bus drivers. The Department should ensure such policy is applied on a province-wide basis.

7.154 We recommended that the Department ensure that no bus drivers are hired until they meet employment standards.

7.155 We recommended that the Department develop and implement a consistent hiring process for bus drivers.

7.156 We recommended that the Department comply with Regulation by ensuring that all drivers of vans have received the mandatory training program. If the Department determines aspects of such requirements to be not applicable, the Regulation should be amended accordingly.

7.157 We recommended that the Department consider the specific training needs for drivers of vans.

7.158 We recommended that the Department define "van" for purposes of enforcing the Regulation.

7.159 We recommended that the Department develop and provide appropriate training for all driver coaches.

7.160 We recommended that the Department ensure that all drivers attend refresher courses as required by Regulation.

7.161 We recommended that the Department develop training on disciplining student behaviour and deliver this training to its bus drivers in a timely fashion.

7.162 We recommended that the Department formalize policy regarding the first aid training requirement.

7.163 We recommended that the Department ensure all drivers are re-certified in first aid training every three years.

7.164 We recommended that the Department evaluate the benefits of requiring first aid training for drivers of vans and contracted vehicles.

7.165 We recommended that the Department provide all drivers of student vehicles with Policy 701. The Department should maintain a signed copy in all employee files.

7.166 We recommended that the Department ensure timely and appropriate corrective action for drivers not performing pre-trip inspections.

7.167 We recommended that the Department consider a review of the current pre-trip inspection checklist. This review should include consultation with Department of Transportation, Department of Public Safety and bus drivers.

7.168 We recommended that the Department ensure adequate documentation regarding complaints against bus drivers, including actions taken by the Department.

7.169 We recommended that the Department develop province-wide standards regarding various student behaviour problems and related consequences. Drivers should be provided with adequate training on these standards.

7.170 We recommended that the Department encourage the use of accident review committees to review all accidents as per policy.

7.171 We recommended that superintendents make and enforce rules for proper conduct as per Regulation. If this is deemed to be not practical, the Regulation should be amended accordingly.

7.172 We recommended that the Superintendent regularly review bus safety rules for their appropriateness and effectiveness and make necessary changes in a timely manner.

7.173 We recommended that the Department ensure superintendents understand their responsibilities regarding vehicle maintenance and that they are fulfilling these responsibilities.

7.174 We recommended that all superintendents be reminded of all their responsibilities under Regulation and that they clearly understand that these responsibilities cannot be delegated.

7.175 We recommended that the Department review systems in place to ensure superintendents are fulfilling their responsibilities as described in Regulation.

7.176 We recommended that the Department ensure supervision for both loading and unloading of all students as per Regulation. If certain aspects of Regulation are deemed impractical, the Regulation should be amended accordingly.

7.177 We recommended that the Department ensure adequate signage at all schools, clearly delineating school-loading zones.

7.178 We recommended that the Department ensure emergency evacuation drills are provided twice a year as per Regulation.

7.179 We recommended that the Department monitor driver compliance with maintenance schedules as provided by the Department of Transportation.

7.180 We recommended that the Department become familiar with reports on vehicle maintenance available from DOT vehicle maintenance. The Department should review appropriate reports on a regular basis.

7.181 We recommended that the Department formalize policy regarding placement of garbage cans on buses. The Department should ensure that all drivers are made aware of such policy and it is consistently applied.

7.182 We recommended that the Department evaluate the cost/benefit of radio devices on buses. Safety equipment purchases should be applied consistently on a province-wide basis.

7.183 We recommended that the Department obtain formal agreement from the Department of Public Safety regarding the number and types of random inspections on vehicles. If this is not possible, the Department should seek alternative arrangements for the service.

7.184 We recommended that the Department develop and implement a formal process for responding to Commercial Vehicle

Enforcement findings, not only for those vehicles that have been placed out of service, but for correcting the shortcomings in the system that such findings may expose.

7.185 We recommended that the Department ensure adequate coverage of inspection of all school vehicles.

7.186 We recommended that the Department monitor the maintenance and condition of contracted buses.

7.187 We recommended that the Department ensure province-wide standards with respect to the quantity and content of training provided to students.

7.188 We recommended that the Department provide appropriate bus safety training for middle and high school age students. The material should emphasize the role that these older children play in helping younger children follow the rules and assisting in emergency situations.

7.189 We recommended that the Department consider a requirement to include a “hands-on” training element to its program. This would include an actual bus demonstration of lights, signals, crossing arm, stop arm, and emergency exits.

7.190 We recommended that the Department should clearly discuss the major risks of bus safety in its training material provided to students. The Department should consider the use of national accident statistics as a method of informing both children and parents where the risks are.

7.191 We recommended that student training include training on protocol in emergency situations.

7.192 We recommended that the Department ensure consistency between cities regarding contract requirements as it relates to safety issues.

7.193 We recommended that the Department ensure that all city transit buses transporting students display appropriate signage denoting the fact that students are loading and unloading from the vehicle.

7.194 We recommended that the Department monitor and ensure contract compliance.

7.195 We recommended that the Department formally review and evaluate the performance of city transit based on appropriate, consistent criteria.

7.196 We recommended that the Department ensure all parent/volunteer drivers are provided with Policy 701.

7.197 The Department advised it would not be acting on the following four recommendations following its review of the facts surrounding the issues raised.

7.198 We recommended that the Department review the workload of Transportation Managers to ensure adequate resources are provided to enable them to fulfil their various responsibilities.

7.199 We recommended that the Department formalize guidelines for terms “sober habits, industrious, good appearance, good health” as described in Regulation so that they may be consistently applied on a province-wide basis. We recommended that examples of such be well documented in employee files.

7.200 We recommended that the Department formalize guidelines for the term “capable of exercising good judgement in handling a school vehicle and in controlling pupils” as described in Regulation so that it may be consistently applied on a province-wide basis. We recommended that examples of such be clearly documented in employee files.

7.201 We recommended that the Department formalize policy regarding when a vehicle is considered to be out of service. The Department should ensure that all drivers are made aware of such policy and it is consistently applied.

Departments of Health and Wellness and Family and Community Services

Prescription Drug Program

7.202 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 to improve and maintain the well being of the people of the Province by making 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.

7.203 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.

7.204 While the Prescription Drug Program 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.

7.205 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.

7.206 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.

7.207 The departments have had little success in implementing the recommendations. None of the recommendations have been fully implemented and only six have shown significant progress to date. We are disappointed with the lack of progress and encourage the departments to work together to address the issues reported by the audit.

Department of Natural Resources and Energy

Crown lands management

7.208 The *Crown Lands and Forests Act* (the Act) has assigned the Minister of Natural Resources and Energy 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.

7.209 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.

7.210 We made ten recommendations to the Department. As a result of the follow-up work we conducted this year, we can report that the Department has implemented three of these recommendations and acted on a fourth. While the Department generally agrees with the remaining six recommendations, no significant progress has been made towards their adoption.

7.211 Following are the three recommendations that were implemented.

7.212 We recommended that the Department examine the costs and benefits of a certification process for Crown lands. This certification process should include a more formal system for encouraging and obtaining public input into the process of setting objectives for helping the Minister fulfil his responsibilities for Crown lands.

7.213 We recommended that the Department provide information on the relevancy of its programs for Crown lands in its annual report.

7.214 We recommended the Department table its annual report by the 1 November deadline.

7.215 A fourth recommendation has been acted upon but the solution is not what was anticipated.

7.216 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.

7.217 The Department has tabled the Summary with the Legislature, and posted it on their web site. They have also indicated that they are prepared to cross reference their annual report to the web site.

Department of Public Safety

High risk drivers

7.218 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.

7.219 At the completion of this audit, we issued eighteen recommendations to the Department of Public Safety. In general the Department has made good progress in implementing the recommendations. The current status of these recommendations shows six having been implemented and seven partially implemented. The Department is in agreement with the other five recommendations.

7.220 The implemented recommendations are as follows.

7.221 We recommended the Department initiate discussions and ongoing education with the medical practitioners and the optometrists of New Brunswick to help ensure Sections 309.1(1) and 309.2(1) of the *Motor Vehicle Act* are being complied with.

7.222 We recommended the Department assign clear responsibility for ongoing monitoring and updating of the definition of high-risk drivers. Further, this definition process should be a key component of national and provincial change initiatives aimed at improving the safety of our travelling public.

7.223 We recommended that the Department document the existing practices relating to training school inspections, especially those relating to the frequency of the audits and the documentation requirements.

7.224 We recommended that an instructor's test be upgraded to test specific items that a driver-training instructor should know.

This will help to ensure that only qualified instructors are permitted to train students.

7.225 We recommended that the Department continue to work with Service New Brunswick to ensure that changes are made to the computer systems to allow appropriate information to be compiled in a timely fashion. The Department needs to ensure that these changes will allow it to effectively evaluate the success of the driver training programs.

7.226 We recommended the Department consider the extent to which overall responsibility for the objectives in the Road Safety Vision 2010 can be assigned to one position such as that of the Registrar.

Department of Supply and Services

Provincial Archives of New Brunswick

7.227 The information contained in the records preserved by the Provincial Archives 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.

7.228 A total of twenty-five recommendations were made to the Department following the completion of our audit. Twelve of these recommendations have now been implemented and another four are partially implemented. Of the remaining nine recommendations, the Department is in agreement with eight of them and it disagrees with one.

7.229 The following recommendations have been implemented to date.

7.230 We recommended that Provincial Archives of New Brunswick (PANB) develop a formal succession plan to cover key staff who will be retiring under the Voluntary Early Retirement Window.

7.231 We recommended that the Conservation Policy and Risk Management Checklist as developed by the Conservator be finalized and adopted as soon as possible.

7.232 We further recommended that PANB continue to play a central role in developing and implementing an electronic records management strategy for the Province of New Brunswick.

7.233 We recommended that the Department of Supply and Services proceed with the design and construction of the new repository for PANB. This will address the issues raised as long as

the repository is appropriately designed to address current storage deficiencies.

7.234 We recommended that the planned repository be designed to be big enough to accommodate all existing archival holdings of PANB and provide room for expansion of the holdings for a reasonable period of time into the future.

7.235 We recommended that the design include the ability to monitor temperature, humidity and pollution levels and adjust them to meet archival storage requirements.

7.236 We recommended that the design include water detection systems to alert PANB to water intrusion, especially during those hours when storage facilities are unattended.

7.237 We recommended that proper storage facilities (i.e. shelving units and cabinets) and containers be provided for each type of archival media (e.g. cartographic records should be flattened and stored in appropriate cabinets to reduce damage due to handling).

7.238 We recommended that the donated cold storage facility be incorporated into the design of the new repository to allow for proper storage of the PANB film collection.

7.239 We recommended that a logistical plan be developed in advance of the completion of the repository to ensure that archival records are transferred into the new repository safely and efficiently, and without unduly disrupting the ongoing operations of PANB.

7.240 We recommended that the Conservator's replacement be appointed prior to the retirement of the current Conservator to allow adequate time for training and transfer of knowledge.

7.241 We recommended that the strategic plan as drafted in 1993 be updated as planned during the 2001-2002 fiscal year. That update should include developing measurable strategic objectives for PANB and updating the organizational action plan.

7.242 The following recommendation was disagreed with.

7.243 We recommended that in the event adequate funding is not available from government, amendments to the *Archives Act* should be proposed that would bring the mandate of PANB more in line with what is achievable with the resources provided by government. The potential costs, in terms of lost information, of selecting this option should be carefully analyzed before action is taken.

7.244 The Department did not see this as an option, as they pointed out in their response:

Curtailment of mandate would mean that government would not have the records required to respond to legal and administrative challenges, and would irreparably harm the government's ability to preserve the historical record, memory, and cultural resources that are the right of New Brunswickers.

Department of Supply and Services

Purchasing

7.245 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*.

7.246 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.

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

7.248 In this, the first year of our follow-up, we found that the Department has implemented two of these recommendations and partially implemented three. Eleven others have been agreed with, but are either under further review or have seen no significant progress as yet. The Department has decided not to implement one recommendation.

7.249 The Department has implemented the following recommendations.

7.250 We recommended the Department of Supply and Services comply with legislation and solicit price quotations from suppliers rather than allowing departments to conduct this activity.

7.251 We recommended that contracts be re-tendered at a minimum of every five years unless approved for extension by the Board of Management.

7.252 After conducting a subsequent examination, the Department has decided not to take further action to address the following recommendation.

7.253 We recommended the Department ensure that long-term contracts contain provisions that protect the Province from price increases not provided for in the contracts.

Department of Supply and Services*Contracts for IT professionals*

7.254 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.

7.255 At the completion of the audit, we issued seven recommendations to the Department of Supply and Services for improvements to the process. We are pleased to note that the Department has implemented six of the recommendations. As well, they have a plan in place to address the final recommendation in the 2003-2004 year.

7.256 The following recommendations have been implemented.

7.257 We recommended the Department modify the Informatic Professional Services (IPS) terms and conditions to more explicitly define the intent of the contract of supply. In particular, the Department should provide examples of acceptable and unacceptable use of the IPS, including when departments should tender a service versus using the IPS.

7.258 We recommended the Department modify the IPS terms and conditions to clearly define key terminology, in particular the terms "specific skills", "short-term needs" and "complete technology project". The Department should also provide examples on how to appropriately structure contracts.

7.259 We recommended the Department modify the terms and conditions of the IPS to include a clause indicating departments are responsible for monitoring and tracking contracted individuals' time for all contracts arranged under the IPS.

7.260 We recommended that departments obtain at least three quotes from vendors before awarding an IPS contract. These quotes should be documented and kept on file with the signed contract. In cases where it is not possible to obtain three quotes, the IT director should document the reasons why.

7.261 We recommended that each contract contain a clear and detailed statement of work.

7.262 We recommended that departments ensure each IPS contract file contains a statement of total payments made for the contract as required by the IPS terms and conditions.

**Department of Agriculture,
Fisheries and Aquaculture****Audit of controls**

7.263 The Department of Agriculture, Fisheries and Aquaculture provides a number of services to the agri-food industry from a number of regional offices throughout the Province. Many of these services generate revenue for the Department through user fees, product sales or fee-for-service arrangements. Revenue from Veterinary Services contributes the largest component. Sales are made and money is collected by various staff members in each region. The large number of staff members handling payment receipts and the decentralized structure places increased importance on strong internal controls.

7.264 We conducted an audit to ensure that adequate controls were in place over cash handling and inventories for veterinary services, and over all departmental accounts receivable. Eight recommendations were made to the Department as a result of the audit.

7.265 The Department has demonstrated an excellent effort in dealing with these recommendations and we can report that all eight have been implemented during the two-year period since our Report was issued.

7.266 The Department should establish specific cash handling policies to address the unique issues that the Department faces with a decentralized collection system. Policies should be consistent from region to region.

7.267 An employee who does not have accounting or cash handling responsibilities should be formally assigned responsibility for reviewing and approving the credit note reports and all write-offs. Someone independent of the cash handling function should enter the write-offs into the accounting system.

7.268 A system should be established whereby interdepartmental accounts are set up. This will allow the regional offices to record the receipt of payments for other departments in the accounting system and to deposit the money in the Department's bank account. Cash receipts should not be forwarded in the mail. The Department should update their documented policies to specifically address the handling of interdepartmental transactions.

7.269 Clear inventory policies should be developed covering access, write-offs and damaged products. Specifically, regional veterinary supervisors should be required to approve all adjustments to inventory including damaged goods, count variances and expired product not returned for credit.

7.270 All regions should be made aware of the Department's documented policy.

7.271 Regional veterinary supervisors should be assigned formal responsibility for reviewing and approving all inventory write-offs.

7.272 The Department should provide better information to the public on the pricing policies, costs, recoveries and benefits of each type of service or program for which a fee is charged. The costs should include both direct costs such as salaries and materials and indirect costs such as overhead and other administrative costs associated with the delivery of the program.

7.273 The Department should implement new controls to ensure that all chargeable time is invoiced.

Department of the Environment and Local Government

Local service districts

7.274 As part of our audit of the Province's financial statements for the year ended 31 March 2001, we reviewed the systems and procedures used to record Local Service District (LSD) expenditures. At the conclusion of the audit we made three recommendations to the Department. We are pleased to report that the Department has implemented all of the recommendations.

7.275 Municipal Services Representatives should require individuals in LSDs to request purchases in writing.

7.276 To ensure the completeness of LSD expenditures, Municipal Service Representatives (MSRs) should monitor on-going costs from other departments to help ensure that all expenses have been recorded. The MSRs should remind departments if entries need to be made to transfer costs to the LSDs.

7.277 The Department's Head Office should instruct Municipal Services Representatives how to properly prepare monthly reconciliations. The MSR should reconcile, for each LSD, the total amount of expenditures recorded in the financial information system with the total amount recorded in the MSR ledger. Any reconciling items should be listed and investigated.

Department of Finance

Review of Oracle accounts receivable system

7.278 In April 1999, the Department of Finance implemented a new accounts receivable system – Oracle Accounts Receivable (Oracle AR). Our Office reviewed the Oracle AR as part of a long-range plan to examine all key computer systems to support our audit opinion on the Province's financial statements. Also, because it was a relatively new system, we believed our review could assist the Department in identifying areas where improvements could be made.

7.279 As a result of our review, we made six recommendations. We are pleased to report that all six of the recommendations have been implemented.

7.280 We recommended the Department review and simplify the format for the reconciliation of the Oracle AR to the Oracle GL. This reconciliation should be documented and performed quarterly.

It should be periodically reviewed to ensure its accuracy and timeliness.

7.281 We recommended the Department review the current responsibilities assigned to its users to ensure they allow an appropriate level of access and that the responsibilities are not incompatible.

7.282 The Department should review the eleven users who have been assigned complete system access to ensure that this level of access is appropriate in all circumstances.

7.283 We recommended the Department ensure all requests for user access follow the documented procedures established by the Department. The Department should also review and modify the System Access to Oracle Financials Accounts Receivable Form and make it easier to complete for changes in a user's access. The Department should also establish and document procedures for terminating a user's system access.

7.284 We recommended the Department develop a user access policy for the Oracle AR system.

7.285 We recommended the Department provide additional training to its management and staff on the use of Oracle AR. We also recommended the system manager receive more detailed and advanced training on the use of this software.

New Brunswick Distance Education Network Inc.

7.286 New Brunswick Distance Education Network Inc. (NBDEN) was incorporated in 1994 under the *Companies Act*. It provides financial and administrative support to TeleEducation NB and Connect NB Branché by facilitating various e-learning initiatives. NBDEN is a non-profit government entity managed by TeleEducation NB which plays a key role in partnership arrangements and is eligible to receive funding from federal government sources.

7.287 Our work focused primarily on the relationship of NBDEN and its TeleEducation expenditures, and the Department of Education's TeleEducation NB program. The goal of our audit was to expand our understanding of both the TeleEducation program and NBDEN with the objective of determining if NBDEN should be part of the government reporting entity.

7.288 Our conclusion was that NBDEN should be part of the reporting entity. We made five recommendations as a result of the work that was done. Four of these recommendations have now been implemented. While there is agreement with the fifth recommendation, no significant progress has been made to date.

7.289 The following recommendations have been implemented.

7.290 We recommended that financial statements be prepared annually.

7.291 We recommended that the Department ensure that the independent audit is completed and the results of the audit made public.

7.292 We recommended that NBDEN follow the government guidelines to ensure proper management and safeguarding of moveable assets.

7.293 We recommended that NBDEN implement a policy requiring it to follow the guidelines of the *Public Purchasing Act* and its regulations.