

REPORT OF THE

# Auditor General of New Brunswick

Volume V

Performance Audit

2017

AUDITOR GENERAL  
OF NEW BRUNSWICK



VÉRIFICATEUR GÉNÉRAL  
DU NOUVEAU-BRUNSWICK

AUDITOR GENERAL  
OF NEW BRUNSWICK



VÉRIFICATEUR GÉNÉRAL  
DU NOUVEAU-BRUNSWICK

Speaker of the Legislative Assembly  
Province of New Brunswick

Sir

As required under Section 15(1) of the *Auditor General Act* I am submitting Volume V of my 2017 Report to the Legislative Assembly.

Respectfully submitted,

A handwritten signature in black ink that reads "Kim MacPherson". The signature is written in a cursive, flowing style.

Kim MacPherson, CPA, CA, ICD.D  
Auditor General

Fredericton, N. B.  
November 2017

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# Chapter 1

## Introductory Comments by the Auditor General

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# Introductory Comments by the Auditor General

## **Introduction**

**1.1** My Office's mission, as included in our 2014 to 2020 strategic plan is:

*To provide objective, reliable, and timely information to the Legislative Assembly on government's performance in its delivery of programs and services to the people of New Brunswick.*

## **Purchase Cards (credit cards)**

**1.2** Chapter 2 of this Volume reports our audit of purchase cards which represent over \$30 million of annual provincial spending. There are over 3,000 purchase cards in the custody of public servants across New Brunswick.

**1.3** Due to the instant purchasing capability of these credit cards by a single individual, these transactions have an increased risk for fraud and inappropriate activity (as no separate approver is required for the expense at the time the funds are paid to the vendor). Chapter 2 presents our findings and recommendations as a result of our work in this important area.

## **Follow up on Recommendations from Prior Years**

**1.4** Chapter 3 presents our Follow-up on Recommendations from Prior Years' Performance Audit Chapters including:

- Foster Homes;
- Provincial Bridges;
- Procurement of Goods and Services – Phase I;
- Point Lepreau Generating Station Refurbishment - Phase I; and
- Collection of Accounts Receivable.

It also includes results of our follow up on a recommendation made by the Auditor General in 2012 concerning the sustainability of the Province's infrastructure.

- 1.5** Further, it includes summaries of the implementation status of recommendations as self-reported by relevant departments and agencies included in our 2014 and 2015 chapters, along with:
- Appendix A, which contains a “Summary of Significant Projects Conducted in Departments and Crown Agencies over the Past Ten Years”;
  - Appendix B, a “Detailed Status Report of Recommendations Since 2013”; and
  - Glossary referencing Report sections relevant to each department or Crown agency.
- 1.6** The overall results of prior year’s performance audit recommendation implementation show departments, commissions and agencies report they had implemented about 49% (76 of 156) of performance audit recommendations from the 2013, 2014 and 2015 Reports of the Auditor General.
- 1.7** After verifying the status of the 2013 recommendations, we have concluded that only 43% have been implemented. I find it very disappointing that recommendations from four years ago are still not implemented. I am also concerned at the downward trend in the rate of government’s implementation of our recommendations (from the prior year rate of 61% for 2012 recommendations).
- 1.8** In 2012, I expressed concern with the sustainability of the Province’s infrastructure and recommended a comprehensive long-term infrastructure plan to ensure the sustainability and safety of all essential infrastructures in the Province be implemented.
- 1.9** As reported in Chapter 3, the 2017 follow-up found the recommendation had not been implemented by the Department of Transportation and Infrastructure, though improvements in public reporting on the condition of infrastructure had been made. I am very disappointed there remains no long-term approach to budgeting for all assets, and a lack of rationalization of assets, as this represents a significant missed opportunity to provide better, more cost effective infrastructure and services to New Brunswickers while balancing the need for greater fiscal discipline.

**Disappointing and concerning results on follow-up of recommendations from prior years**

**Significant missed opportunity regarding long-term infrastructure plan**

**Acknowledgements**    **1.10**    Staff in my Office worked very hard in carrying out the work reported upon in this volume of our Report. The individual chapters of this report are a reflection of their level of commitment, professionalism and diligence. I would like to express my appreciation to each for their contribution and continuing dedication to fulfilling the mandate of the Auditor General of New Brunswick.



Kim MacPherson, CPA, CA, ICD.D  
Auditor General

# Chapter 2

## School District Purchase Cards

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# School District Purchase Cards

## Introduction

- 2.1** Government employees from departments, school districts and community colleges use credit cards to purchase goods of low value on behalf of the Province of New Brunswick. In 2003, the Province rolled out its Purchase Card Program, initially to departments, followed by school districts and community colleges. An agreement was signed with a major bank for the provision of credit card services.
- 2.2** The purpose of the program was to provide an alternative for the payment of high volume transactions and streamline administrative processes. Total purchases made through purchase cards were approximately \$20 million in 2004-05. They have increased since then with total purchases amounting between \$27 million and \$34 million per year. Despite this significant increase in purchases, other than developing a cardholder agreement, government had not finalized and approved a policy for the use of the cards until February 2017, 14 years after purchase cards had been introduced.
- 2.3** We have identified risks associated with the use of purchase cards through our financial audit work, which highlighted numerous control weaknesses in the purchase card procedures. *“Although they provide efficiency and savings to the government, Purchase Card Programs are high-risk because they allow the same individual to order, pay for, and receive goods and services. This offers the potential for fraud and abusive and improper transactions if*

*not carefully monitored.”<sup>1</sup>*

**2.4** Our performance audit focused on the use of purchase cards by school districts. Based on factors described later in this chapter, we selected the following three districts to audit purchase card processes and transactions:

- District scolaire francophone Sud;
- Anglophone West School District; and
- District scolaire francophone Nord-Est.

***Why we did this audit***

**2.5** We believe this topic to be of interest to the public and legislators for the following reasons:

- Control weaknesses have been identified, through our office’s financial audit work, which increase the risk of fraud and errors;
- Issues have been found repeatedly in internal reviews carried out by the Office of the Comptroller;
- Purchase card processes in school districts are manual, decentralized and vary by district. This increases the risk of non-compliance with legislative and policy requirements; and
- School districts account for about two thirds of cardholders and total purchases made using purchase cards.

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<sup>1</sup> United States Inspector General, *A Practical Guide for Reviewing Government Purchase Card Programs*, June 2002

**Audit Objectives**

**2.6** The objectives of our audit were:

1. *To determine whether school district purchase card procedures comply with legislative and policy requirements.*
2. *To determine whether school districts monitor purchase card use and take corrective action to enforce compliance.*

Criteria we used to arrive at our conclusions on these objectives are presented in Appendix I.

**Conclusions**

**2.7** Upon completion of our audit procedures, we concluded that:

- School district purchase card procedures did not always comply with legislative and policy requirements. Our testing identified many cases of non-compliance;
- School districts did not have clear documented guidelines for the use and administration of purchase cards. We found inconsistent practices between school districts; and
- School districts did not monitor purchase card use and take corrective action to enforce compliance in a consistent manner. While corrective actions were taken in some instances, this practice was not uniformly applied to all cases of non-compliance.

**Results in Brief**

**2.8** Results in brief are presented in Exhibit 2.1.

**Recommendations**

**2.9** A summary of our recommendations can be found in Exhibit 2.2. While the majority of our recommendations are addressed to the school districts, we also made recommendations to the following: The Department of Education and Early Childhood Development, Treasury Board and the Office of the Comptroller.

*Exhibit 2.1 - Results in Brief*

## School District Purchase Cards

### Why Is This Important?

- School districts spend around \$20 million per year using purchase cards and account for about two thirds of all cardholders and spending.
- Control weaknesses increase the risk of fraud and errors.
- 14 years after purchase cards were introduced, government approved a policy for their use in 2017.

## What We Found

### Overall Conclusions

- School districts did not monitor purchase card use and take corrective action in a consistent manner.
- School district purchase card procedures did not always comply with legislative and policy requirements.
- School districts did not have clear documented guidelines for the use and administration of purchase cards.

#### Cardholder Agreement & Government Policies Often Not Followed

- Instances of cardholders approving own purchases
- Split transactions used to circumvent *Procurement Act* and cardholder agreement
- Instances where purchases could not be explained
- Supporting documentation often not provided in timely manner for transaction processing

#### Inadequate Monitoring & Enforcement

- No regular review of active cards
- Cardholders allowed credit limit higher than purchasing needs (example: \$600,000 yearly limit for employee purchasing under \$50,000 per year)
- Repeated violations by same cardholders
- No documented process to ensure departing employees return their purchase card

#### Unclear Guidelines

- No online purchase guidance despite increasing spending in this area
- Different interpretations of government policy (example: business meeting expenses)
- Procedures for issuing and canceling cards inconsistent between school districts

#### Lack of Training

- School districts did not provide sufficient education to cardholders on appropriate use of cards
- School districts did not provide formal training to purchase card administrators and transaction approvers

Exhibit 2.2 - Summary of Recommendations

Recommendation	Department/school district's response	Target date for implementation
<b>Audit Objective 1 – Procedures and guidelines</b>		
<b>2.36 We recommend school districts use the cardholder agreement in government policy AD-6405 Purchase Card and have cardholders sign the agreement before obtaining their purchase card and annually as required by the new policy.</b>	<b>Response from District scolaire francophone Nord-Est</b> <i>[Translation] District scolaire francophone Nord-Est (DSF-NE) agrees. This practice is currently in place.</i>	<i>Fall 2017</i>
	<b>Response from Anglophone West School District</b> <i>We are presently using the new cardholder agreements and will have them completed annually.</i>	<i>Implemented</i>
	<b>Response from District scolaire francophone Sud</b> <i>[Translation] We are currently using the cardholder agreement since the start of the 2017-2018 school year. We propose the cardholder agreement be signed at the same time as the request for a new card.</i>	<i>Immediately</i>
<b>2.39 We recommend Treasury Board issue guidance for the application of government policy AD-2801 Travel Policy in regards to business meeting expenses.</b>	<i>The Office of the Comptroller has distributed guidance in regards to the appropriate use of the purchase card for travel related business meeting expenses.</i>  <i>The Office of the Comptroller, in conjunction with the Office of the Chief Human Resources Officer, will assess the need for additional guidance related to the application of government policy AD-2801 Travel Policy in regards to business meeting expenses.</i>	<i>2018</i>

Exhibit 2.2 - Summary of Recommendations (continued)

Recommendation	Department/school district's response	Target date for implementation
<p><b>2.43 We recommend school districts use purchase cards only for purchases that are authorized under government policies.</b></p>	<p><b>Response from District scolaire francophone Nord-Est</b>  <i>[Translation] DSF-NE agrees with the recommendation, which is already in place. The District is taking action on infractions.</i></p>	<p><i>Fall 2017</i></p>
	<p><b>Response from Anglophone West School District</b>  <i>We will monitor purchases on a regular basis to ensure adherence to policy. We have been doing this prior to the audit.</i></p>	<p><i>Implemented</i></p>
	<p><b>Response from District scolaire francophone Sud</b>  <i>[Translation] We are currently working on improving this process.</i></p>	<p><i>March 2018</i></p>
<p><b>2.47 We recommend the Office of the Comptroller issue guidance for making online purchases, including the risks associated with online shopping and security precautions that should be taken.</b></p>	<p><i>The Office of the Comptroller agrees with this recommendation and will take measures to issue guidance for making purchases over the internet.</i></p>	<p><i>2018</i></p>

Exhibit 2.2 - Summary of Recommendations (continued)

Recommendation	Department/school district's response	Target date for implementation
<b>2.49 We recommend school districts monitor and enforce adherence to guidelines in the cardholder agreement and policy AD-6405 Purchase Card.</b>	<b>Response from District scolaire francophone Nord-Est</b> <i>[Translation] DSF-NE agrees with the implementation of this recommendation to the extent possible, with existing staff.</i>	<i>Fall 2017</i>
	<b>Response from Anglophone West School District</b> <i>We are working towards this and anticipate that all districts will align the way they monitor once meetings occur with EECD over the coming weeks. We certainly monitor spending now but understand we need some written procedures around this topic.</i>	<i>Estimate Winter 2018</i>
	<b>Response from District scolaire francophone Sud</b> <i>[Translation] We are currently verifying all the transaction notifications and flag infractions when found.</i>	<i>Immediately</i>

Exhibit 2.2 - Summary of Recommendations (continued)

Recommendation	Department/school district's response	Target date for implementation
<p><b>2.53 We recommend school districts provide education to cardholders on their responsibilities, the appropriate use of purchase cards, consequences for misuse, as well as transaction reconciliation procedures, before new cardholders begin to use their card and regularly for all cardholders.</b></p>	<p><b>Response from District scolaire francophone Nord-Est</b>  <i>[Translation] DSF-NE agrees with the implementation of this recommendation to the extent possible, with existing staff. There is a need for more staff.</i></p>	<p><i>Fall 2017</i></p>
	<p><b>Response from Anglophone West School District</b>  <i>Plan to work with EECD and other districts on aligning our practices so we will be uniform.</i></p>	<p><i>Unsure</i></p>
	<p><b>Response from District scolaire francophone Sud</b>  <i>[Translation] We recommend discussing user guidelines and procedures with school principals and division supervisors to ensure policy AD-6405 is followed. This is already in progress.</i></p>	<p><i>December 2018</i></p>



Exhibit 2.2 - Summary of Recommendations (continued)

Recommendation	Department/school district's response	Target date for implementation
<b>2.54 We recommend school districts provide training to purchase card administrators and transaction approvers on the appropriate use of purchase cards and enforcement procedures.</b>	<b>Response from District scolaire francophone Nord-Est</b> <i>[Translation] This recommendation should be made to EECD, as the training should be provided by the Department of Education and Early Childhood Development and the Office of the Comptroller.</i>	N/A
	<b>Response from Anglophone West School District</b> <i>We plan to review these procedures with our accounting staff and admin services staff to ensure they understand what the expectations are.</i>	Winter 2018
	<b>Response from District scolaire francophone Sud</b> <i>[Translation] We are sending reminders and emails with guidelines, we will elaborate guidelines et policies, we will meet with school principals, one by one, as well as in groups to ensure that all users and approvers are aware of rules and guidelines.</i>	<i>In progress, by January 2019 we hope to have better control over this recommendation</i>

Exhibit 2.2 - Summary of Recommendations (continued)

Recommendation	Department/school district's response	Target date for implementation
<p><b>2.60 We recommend school districts segregate incompatible user responsibilities and system accesses as required by government policies AD-6402 Approval of Payments and AD-6405 Purchase Card.</b></p>	<p><b>Response from District scolaire francophone Nord-Est</b>  <i>[Translation] DSF-NE agrees, taking into account existing staff with the addition of controls in the Oracle system for the accounting assistant.</i></p>	<p><i>Fall 2017</i></p>
	<p><b>Response from Anglophone West School District</b>  <i>I believe our district respects this recommendation.</i></p>	<p><i>Implemented</i></p>
	<p><b>Response from District scolaire francophone Sud</b>  <i>[Translation] We have added a resource to the accounting division, which will allow improved segregation of duties. We have explained to approvers (school principals) how to proceed for their own purchases, where another person must approve their purchases.</i></p>	<p><i>In progress, we hope to have this under control by end of March 2018</i></p>

Exhibit 2.2 - Summary of Recommendations (continued)

Recommendation	Department/school district's response	Target date for implementation
<p><b>2.65 We recommend school districts ensure sufficient documentation in support of purchase card transactions be provided by the cardholder, reviewed against applicable policies and guidelines and filed for future reference.</b></p>	<p><b>Response from District scolaire francophone Nord-Est</b>  <i>[Translation] DSF-NE agrees. This recommendation is already implemented and we are taking action on failures to comply with procedures.</i></p>	<p><i>Fall 2017</i></p>
	<p><b>Response from Anglophone West School District</b>  <i>We will reemphasize with admin staff to ensure when approvals are done we have proper information for the files.</i></p>	<p><i>Winter 2018</i></p>
	<p><b>Response from District scolaire francophone Sud</b>  <i>[Translation] We have already taken steps with cardholders to have as much detail as possible indicated on receipts.</i></p>	<p><i>Immediately</i></p>

Exhibit 2.2 - Summary of Recommendations (continued)

Recommendation	Department/school district's response	Target date for implementation
<p><b>2.69 We recommend school districts monitor and enforce compliance with the provisions of the cardholder agreement in relation to timely submission of supporting documentation.</b></p>	<p><b>Response from District scolaire francophone Nord-Est</b>  <i>[Translation] DSF-NE agrees with the monitoring, but this is difficult in the timeframe. As a result of DSF-NE's large geographical area, it is difficult to respect the timeframe.</i></p>	<p><i>Fall 2017</i></p>
	<p><b>Response from Anglophone West School District</b>  <i>We will work with EECD and other districts on this line item.</i></p>	<p><i>Unsure</i></p>
	<p><b>Response from District scolaire francophone Sud</b>  <i>[Translation] We are currently working on improving this process. The distance between schools, support centers and the district office are challenges that we are trying to improve. For this reason, we find that 30 days is difficult to achieve. We have always been able to be up to date at the end of the fiscal year.</i></p>	<p><i>We hope to see an improvement by the end of March 2018.</i></p>

Exhibit 2.2 - Summary of Recommendations (continued)

Recommendation	Department/school district's response	Target date for implementation
<b>2.72 We recommend school districts review account coding and the amount of sales tax for each transaction entered into the financial system in order to provide accurate financial information.</b>	<b>Response from District scolaire francophone Nord-Est</b> <i>[Translation] DSF-NE has already implemented this recommendation. However, as schools can no longer enter their transactions details to be automatically transferred to Oracle, there is an increased risk of errors.</i>	<i>Fall 2017</i>
	<b>Response from Anglophone West School District</b> <i>We will review procedures with staff.</i>	<i>Immediately</i>
	<b>Response from District scolaire francophone Sud</b> <i>[Translation] We are currently working on improving this process.</i>	<i>Immediately</i>
<b>Audit Objective 2 – Monitoring and Enforcement</b>		
<b>2.85 We recommend school districts review cardholder listings regularly to ensure only active employees who purchase for the school districts have the appropriate type of purchase card with transaction and monthly limits that meet their purchasing needs.</b>	<b>Response from District scolaire francophone Nord-Est</b> <i>[Translation] DSF-NE has started this review. An annual review with an analysis will be performed, as to increase the frequency of this review.</i>	<i>Fall 2017</i>
	<b>Response from Anglophone West School District</b> <i>We currently are reviewing and adjusting as necessary.</i>	<i>Immediate</i>
	<b>Response from District scolaire francophone Sud</b> <i>[Translation] We are currently working on improving this process.</i>	<i>September 2018</i>

Exhibit 2.2 – Summary of Recommendations (continued)

Recommendation	Department/school district’s response	Target date for implementation
<p><b>2.86 We recommend school districts add a formal step in the termination process in order to ensure departing employees’ cards are cancelled before their employment with the district ends.</b></p>	<p><b>Response from District scolaire francophone Nord-Est</b>  <i>[Translation] DSF-NE will implement this recommendation in collaboration with the human resources division.</i></p>	<p>Fall 2017</p>
	<p><b>Response from Anglophone West School District</b>  <i>We will discuss this with our Human Resources department to ensure this happens prior to termination.</i></p>	<p>Fall 2017</p>
	<p><b>Response from District scolaire francophone Sud</b>  <i>[Translation] In discussion with the human resources division.</i></p>	<p>March 2018</p>
<p><b>2.87 We recommend school districts develop, document and implement procedures for the issuance and cancellation of purchase cards in consultation with the other school districts, with guidance from the Office of the Comptroller as needed, to ensure consistency and efficiency.</b></p>	<p><b>Response from District scolaire francophone Nord-Est</b>  <i>[Translation] It is in DSF-NE’s opinion that this recommendation must be coordinated by the Department of Education and Early Childhood Development.</i></p>	<p>N/A</p>
	<p><b>Response from Anglophone West School District</b>  <i>We will work with EECD and other school districts on this.</i></p>	<p>Unsure</p>
	<p><b>Response from District scolaire francophone Sud</b>  <i>[Translation] We are currently working on improving this process.</i></p>	<p>September 2018</p>

Exhibit 2.2 - Summary of Recommendations (continued)

Recommendation	Department/school district's response	Target date for implementation
<b>2.95 We recommend school districts document their regular monitoring of purchase card transactions to identify violations.</b>	<b>Response from District scolaire francophone Nord-Est</b> <i>[Translation] DSF-NE has implemented a procedure for this recommendation which documents correspondence (emails, notices or notes) when there are violations. These correspondences are also attached to transaction notifications.</i>	<i>Fall 2017</i>
	<b>Response from Anglophone West School District</b> <i>We will work with EECD and other school districts on this.</i>	<i>Unsure</i>
	<b>Response from District scolaire francophone Sud</b> <i>[Translation] We have already taken steps with cardholders to have as much detail as possible indicated on receipts.</i>	<i>Immediately</i>

Exhibit 2.2 – Summary of Recommendations (continued)

Recommendation	Department/school district’s response	Target date for implementation
<p><b>2.96 We recommend school districts develop, document and implement consistent enforcement procedures for non-compliant cardholders to enforce guidelines in consultation with the other school districts, with guidance from the Office of the Comptroller as needed, to ensure consistency and efficiency.</b></p>	<p><b>Response from district scolaire francophone Nord-Est</b>  <i>[Translation] It is in DSF-NE’s opinion that this recommendation must be coordinated by the Department of Education and Early Childhood Development.</i></p>	<p>N/A</p>
	<p><b>Response from Anglophone West School District</b>  <i>We will work with EECD and other school districts on this.</i></p>	<p>Unsure</p>
	<p><b>Response from district scolaire francophone Sud</b>  <i>[Translation] These procedures should fall under the Department of Education and Early Childhood Development, in collaboration with the school districts, so that all school districts follow the same guidelines.</i></p>	<p>N/A</p>
<p><b>2.97 We recommend the Department of Education and Early Childhood Development coordinate work on the implementation of our recommendations by all school districts.</b></p>	<p><i>The department agrees to act as a liaison to leverage best practices among the districts for implementation of the above recommendations.</i></p>	<p>Fiscal 2018-19</p>
<p><b>2.98 We recommend the Department of Education and Early Childhood Development’s internal audit function audit and report on school district purchase cards on a regular basis.</b></p>	<p><i>The department agrees to monitor and report on school district purchase cards on a regular basis.</i></p>	<p>Fiscal 2018-19</p>



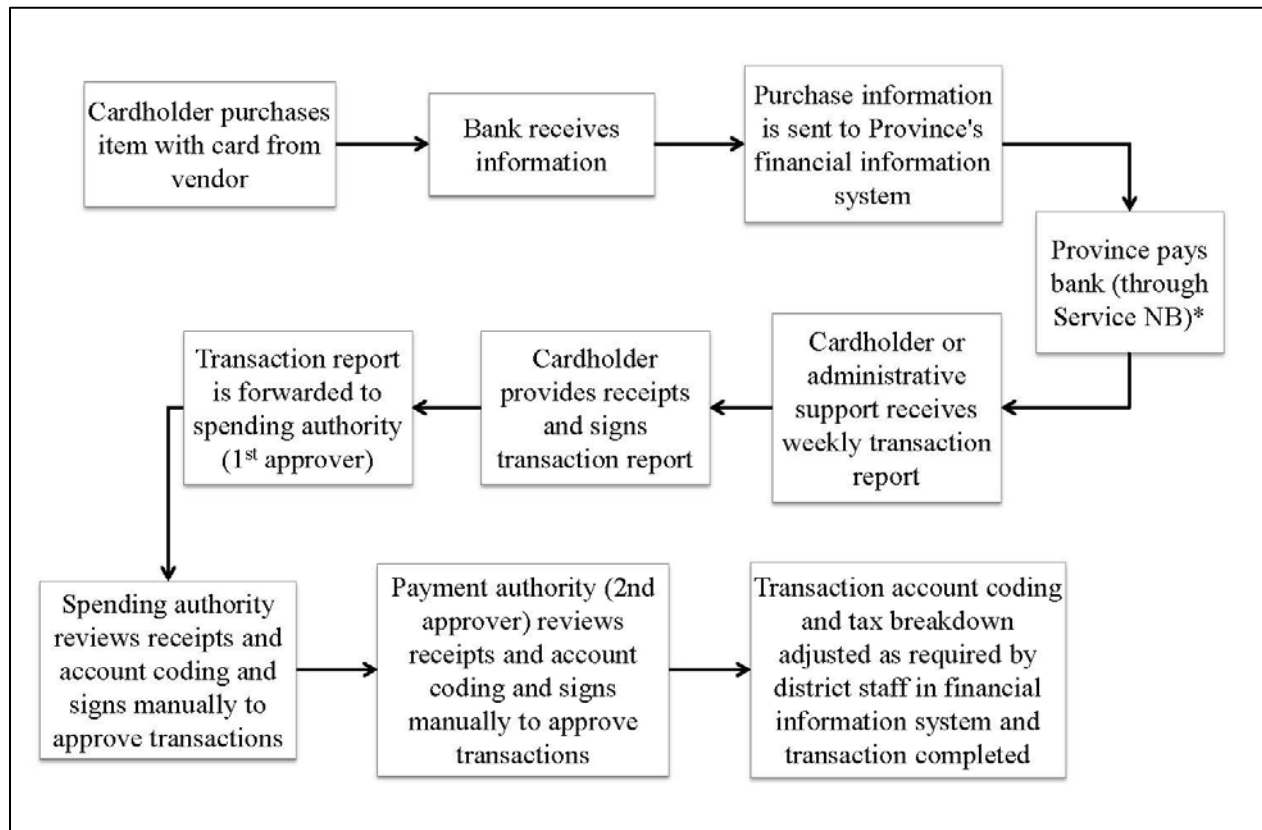
## Background

**2.10** The Province began rolling out its Purchase Card Program to departments, school district and community colleges in 2003. The purpose of the program was to provide an alternative way of paying for high volume transactions of low value to streamline administrative processes.

**2.11** Purchase cards are intended to be used for purchases of goods up to \$1,500 plus tax (over this amount, tendering is required per Regulation 2014-93 under the *Procurement Act* unless an exemption applies). Cardholders can be provided purchase cards of different types, with varying transaction and monthly limits, depending on their purchasing needs.

**2.12** Purchases are made by employees on behalf of the Province. Exhibit 2.3 shows the process that should be followed at school districts from the purchase to the completion of the transaction in accounting records.

*Exhibit 2.3 - Purchase Card Transaction Process*



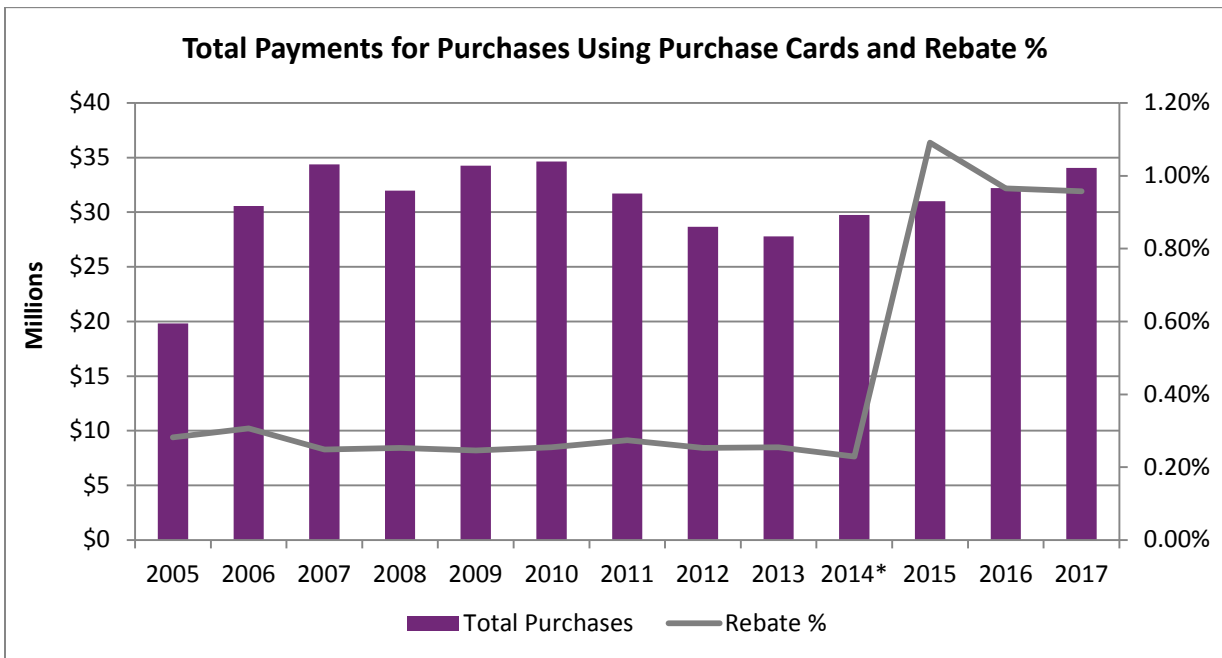
*\*Payment to bank made on a monthly billing cycle*

*Source: Flowchart created by AGNB from process documentation and requirements of government policy AD-6402 Approval of Payments*

**2.13** The Province receives a rebate cheque from the credit card issuing bank for timely payment of transactions. The rebate is calculated based on the volume of payments.

**2.14** Exhibit 2.4 presents total payments to the bank for purchases made using purchase cards and rebates received from the bank as a percentage of payments since the beginning of the program. Annual rebates went from \$55,820 in 2004-05 to \$326,097 in 2016-17.

*Exhibit 2.4 - Total Payments for Purchases Using Purchase Cards and Rebate Percentage*

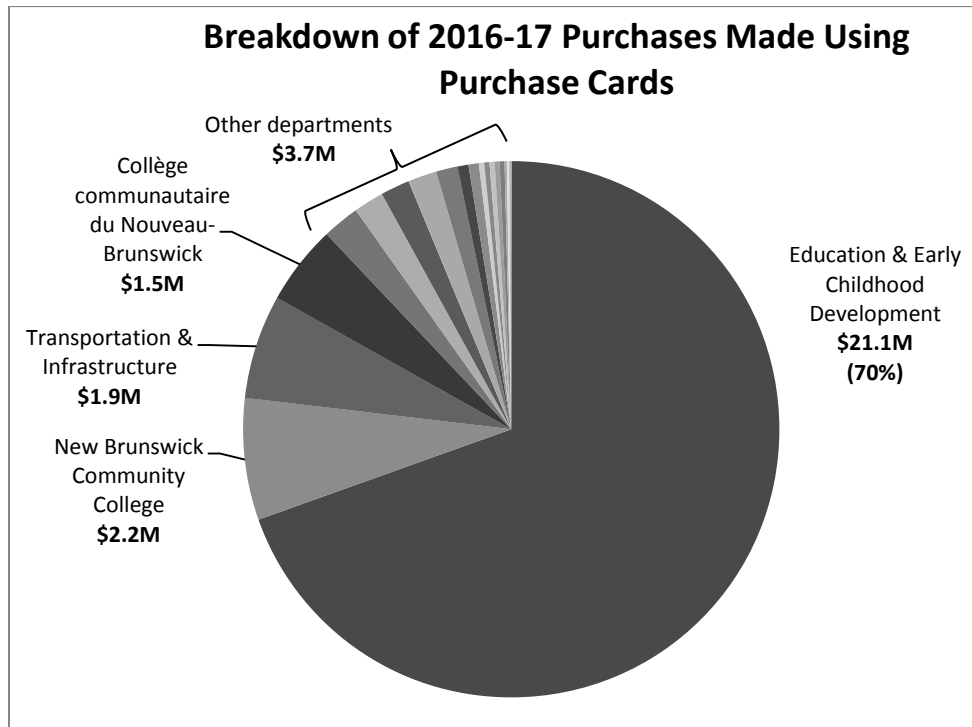


*Source: Information compiled by AGNB from Oracle Financial System*

*\*A new agreement with the bank was signed in 2014-15 that resulted in higher rebates.*

**2.15** Exhibit 2.5 presents the breakdown of 2016-17 purchases made using purchase cards by government departments and community colleges. The Department of Education and Early Childhood Development accounted for 70% of all purchases.

Exhibit 2.5 - Breakdown of 2016-17 Purchases Made Using Purchase Cards



Source: Graph prepared by AGNB using information from Oracle Financial System  
 Note: Purchases exclude harmonized sales tax.

**2.16** Exhibit 2.6 presents the number of active purchase cards by school district, government department and community college at February 2017.

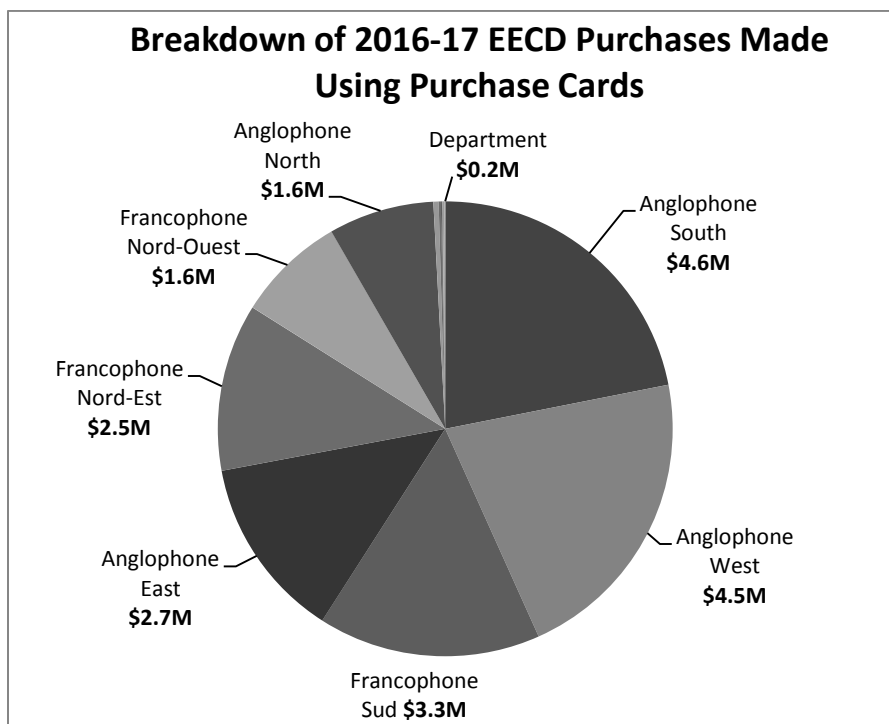
Exhibit 2.6 - Distribution of Cards at February 2017

<b>Distribution of Cards at February 2017</b>	
<b>Organization</b>	<b># of cards</b>
District scolaire francophone Sud	755
Anglophone West School District	394
Anglophone South School District	348
District scolaire francophone Nord-Ouest	270
District scolaire francophone Nord-Est	245
Anglophone East School District	215
Transportation & Infrastructure	199
Justice & Public Safety	159
Energy & Resource Development	152
Anglophone North School District	122
New Brunswick Community College	100
Social Development	72
Post-Secondary Education, Training & Labour	66
Agriculture, Aquaculture & Fisheries	59
Tourism, Heritage & Culture	59
Environment & Local Government	56
13 other organizations (less than 50 cards each)	203
<b>Total</b>	<b>3,474</b>

Source: Information compiled by AGNB from bank card listing.

**2.17** Exhibit 2.7 presents the breakdown of 2016-17 purchases by the Department of Education and Early Childhood Development (EECD).

*Exhibit 2.7 - Breakdown of 2016-17 Department of Education and Early Childhood Development (EECD) Purchases Made Using Purchase Cards*



Source: Graph prepared by AGNB using information from Oracle Financial System  
 Note 1: EECD stands for Department of Education and Early Childhood Development  
 Note 2: Purchases exclude harmonized sales tax.

**2.18** Exhibit 2.8 shows the top ten vendors from which EECD made purchases in 2016-17, with purchase totals excluding harmonized sales tax (HST).

*Exhibit 2.8 - Top 10 Vendors Used by Department of Education and Early Childhood Development (EECD) in 2016-17*

Top 10 Vendors Used by Department of Education and Early Childhood Development (EECD) in 2016-17			
Vendor Name	Total Purchases	Vendor Name	Total Purchases
Denis Office Supplies	\$585,702	Guillevin International	\$183,123
Covey Basics	\$414,872	Librairie Pélagie	\$175,568
MCS Sanitation	\$311,856	Scholastic Canada Ltd	\$143,439
Amazon.ca	\$225,787	Graybar Canada	\$142,984
Amazon Marketplace	\$201,069	Staples.ca	\$133,202

Source: Information compiled by AGNB from Oracle Financial System

## Scope

**2.19** We audited three of the seven school districts of the Province:

- District scolaire francophone Sud;
- Anglophone West School District; and
- District scolaire francophone Nord-Est.

**2.20** Our selection of these three districts was based on an analysis of risk and significance of each school district by considering the following factors:

- number of cardholders (school districts with high and low number of cardholders);
- total purchases (school districts with high and low total purchases);
- status of prior audit recommendations;
- issues identified through other AGNB audit work; and
- issues identified by other reviews by the Office of the Comptroller.

**2.21** We performed data analytics to identify high-risk transactions from the most recent fiscal years (2015-16 and 2016-17) as they represent the current practices in the use of purchase cards. The transactions were selected to obtain sufficient evidence to confirm deficiencies in purchase card procedures, identified during the risk assessment phase of our audit.

**2.22** Exhibit 2.9 presents information about the transactions we examined.

*Exhibit 2.9 - Transactions Examined as Part of Our Testing*

<b>Transactions examined as part of our testing</b>		
	<b>2015-16</b>	<b>2016-17</b>
Anglophone West	43	44
Francophone Sud	44	39
Francophone Nord-Est	30	33
<b>Total # tested</b>	<b>117</b>	<b>116</b>
<b>Total \$ tested (incl. HST)</b>	<b>\$95,214</b>	<b>\$80,007</b>
<b>Total \$ population</b>	<b>\$10.15 million</b>	<b>\$10.37 million</b>

**2.23** Our work included the following:

- reviewing legislation and policies;
- analyzing purchasing data;
- selecting a sample of transactions for fiscal years 2015-16 and 2016-17 and examining supporting documentation;
- interviewing cardholders, approvers, administrative support, management and other staff members at the school districts, schools and the Department of Education and Early Childhood Development;
- documenting processes and controls; and
- performing other procedures as determined necessary.

**2.24** We found that issues and control weaknesses in the purchase card procedures were common across the school districts we audited and are likely present in the other school districts. Therefore, the recommendations we made in this chapter apply to all school districts.

**2.25** Our audit was performed in accordance with Canadian Standard for Assurance Engagements CSAE 3001 established by the Chartered Professional Accountants of Canada, and accordingly, we carried out such tests and other procedures as we considered necessary in the circumstances. Other information about the audit can be found in Appendix II.

**2.26** We developed criteria to use as the basis for our work. The criteria were reviewed and agreed upon by the school districts we audited. They are listed in Appendix I.

## Observations and Findings

**2.27** Our first objective was:

*To determine whether school district purchase card procedures comply with legislative and policy requirements.*

## Purchase Card Procedures

**2.28** School districts are required to abide by the requirements laid out in the following documents, among others, when using purchase cards and processing transactions:

- *Procurement Act* and Regulation 2014-93
- *Education Act* and Regulation 2001-48
- *Financial Administration Act* and Regulation 83-227
- Government policies AD-6402 Approval of Payments and AD-2801 Travel Policy
- Department of Education and Early Childhood Development policy 113 - Remuneration and Reimbursement of Expenses

**2.29** Government approved a policy governing the use of purchase cards, AD-6405, in February 2017. We did not test compliance with this policy when examining 2015-16 and 2016-17 transactions, as it was not effective until late 2016-17. New procedures and guidelines developed by school districts must abide by this new policy.

**2.30** The Government Finance Officers Association of the United States and Canada identifies that having the following written policies and procedures for staff is best practice:

- clear guidelines on the appropriate uses of purchasing cards;
- guidelines for making purchases by telephone and fax or over the Internet; and
- instructions on employee responsibility and written acknowledgements signed by the employee.<sup>2</sup>

## *Outdated cardholder agreements*

**2.31** The cardholder agreement is the document cardholders are required to sign that outlines basic guidelines for the use of purchase cards. In absence of a policy, it was the primary means of communicating guidelines to cardholders. We

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<sup>2</sup> Government Finance Officers Association of the United States and Canada, *GFOA Best Practice - Purchasing Card Programs*, February 2011

expected the school districts would require all cardholders to sign the agreement before using the card as it confirms they have agreed to the guidelines for its use.

**2.32** The new purchase card policy (Government Policy AD-6405 Purchase Card) issued in February 2017 requires cardholders to sign the agreement prior to receiving a purchase card and annually thereafter.

**2.33** Francophone Nord-Est school district required cardholders sign an agreement when they first receive a purchase card, then once a year, while Francophone Sud and Anglophone West district required the signature only once at the time of receiving the card. The cardholder agreement contained certain guidelines in relation to the transaction limit and prohibited purchases. However, each district used its own abbreviated version of the agreement in the previous draft policy.

**2.34** We found new purchase cards were sent to cardholders before the cardholder agreement was signed.

**2.35** Exhibit 2.10 presents our observations related to cardholder agreements we examined during our testing of purchase card transactions. We found the school districts did not have signed agreements on file for all cardholders and some agreements were signed over 10 years ago.



Exhibit 2.10 - Observations Related to Cardholder Agreements

Observations Related to Cardholder Agreements		
	2015-16	2016-17
<b>Anglophone West</b>		
# of cardholders for whom we examined transactions	33	36
# of cardholders with a signed agreement on file	26	32
# of agreements on file where only the signature page was filed	5	9
# of cardholders without a signed agreement on file	7	4
<b>Francophone Sud</b>		
# of cardholders for whom we examined transactions	37	28
# of cardholders with a signed agreement on file	36	28
# of agreements on file where only the signature page was filed	6	4
# of cardholders without a signed agreement on file	1	-
<b>Francophone Nord-Est</b>		
# of cardholders for whom we examined transactions	28	23
# of cardholders with a signed agreement on file	26	23
# of agreements on file that were not dated	17	14
# of cardholders without a signed agreement on file	2	-

Source: Information compiled by AGNB

**Recommendation 2.36** We recommend school districts use the cardholder agreement in government policy AD-6405 Purchase Card and have cardholders sign the agreement before obtaining their purchase card and annually as required by the new policy.

**Different interpretations and violations of Travel Policy**

**2.37** We found several instances in our testing of transactions where a purchase appeared excessive. We identified restaurant meals for meetings in each district we audited of amounts per person over \$30, \$40, and in one district up to \$80. Government policy AD-2801 Travel Policy allows for “reasonable expenses” for business meeting expenses, however, does not specify maximum amounts.

**2.38** Government policy AD-2801 Travel Policy states, “Business meetings are considered to be entertainment when alcohol is purchased and claimed as an expense.” The policy requires the superintendent approve entertainment expenses. Two restaurant receipts we examined included the purchase of alcohol. The superintendent was not present at the meal where

one purchase was made in Anglophone West. He subsequently approved the purchase. The other purchase in francophone Sud was not approved by the superintendent and supporting documentation did not indicate who the meals were for. New policy AD-6405 Purchase Card now prohibits the payment of business meeting expenses using purchase cards; however a definition of this type of expense was not included.

***Recommendation***

**2.39 We recommend Treasury Board issue guidance for the application of government policy AD-2801 Travel Policy in regards to business meeting expenses.**

***Purchases not consistent with government policy***

**2.40** We identified bereavement expenses such as flowers and donations for the passing of employees' relatives incurred on purchase cards by the districts. These expenses are not in compliance with government policy. While government policy AD-2503 Memorial Donations allows for memorial donations or flowers in Part I (government departments), it only applies to the passing of an employee. There is no such policy for Part II (school districts). The districts could not provide us internal guidelines.

**2.41** We found purchases of gifts for staff, volunteers and sports team coaches paid with public funds. The districts did not have guidelines around such purchases, which included gift cards and other items. We did not find evidence the amounts were reimbursed from school-raised funds. Government policy only allows the purchase of gifts upon an employee's retirement. We noted that all three districts we audited no longer allow the purchase of gift cards on purchase cards as of fiscal year 2016-17. Gift cards can be used to circumvent controls as there are no restrictions around what is purchased. New policy AD-6405 Purchase Card also explicitly prohibits the purchase of gift cards.

**2.42** We also identified purchases that appeared unusual, for example the purchase of a laptop bag at a high end athletic apparel store during a business trip and Netflix membership charges for a school during summer months.

***Recommendation***

**2.43 We recommend school districts use purchase cards only for purchases that are authorized under government policies.**

***Growing volume of online purchases***

**2.44** We identified significant online purchases by school districts in the purchase card transactions data. Exhibit 2.11 shows increasing online purchases made by the three districts

from select online vendors over the last three fiscal years.

*Exhibit 2.11 – Total Purchases from Select Online Vendors*

<b>Total Purchases from Select Online Vendors</b>			
<b>School District</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Anglophone West	\$174,505	\$274,032	\$345,071
Francophone Sud	\$111,136	\$163,715	\$230,216
Francophone Nord-Est	\$100,584	\$140,694	\$165,101
<b>Total</b>	<b>\$386,225</b>	<b>\$578,441</b>	<b>\$740,388</b>

*Source: Information compiled by AGNB from Oracle Financial Systems.*

*Note: Selection of purchases based on known online vendors and vendor names containing Internet domain names. Amounts exclude harmonized sales tax (HST).*

**2.45** Online shopping exposes cardholders to identity theft, fraud and undisclosed fees. We expected the school districts to have guidelines for making online purchases, such as the type of documentation to provide to indicate an item ordered had been received, how to use certain websites and what security precautions should be taken when using purchase cards online.

**2.46** We found the school districts had insufficient guidelines for making such purchases. Our testing identified cases of improper use. In one case, a cardholder's card had been linked to a payment website to which another employee had access and made a personal purchase. In two cases, a website membership fee was incurred in error.

**Recommendation**

**2.47** We recommend the Office of the Comptroller issue guidance for making online purchases, including the risks associated with online shopping and security precautions that should be taken.

**Undocumented exemptions to cardholder agreement Granted**

**2.48** We found several instances of violations to cardholder agreement guidelines (for example, travel-related purchases, payments for gasoline, and purchases over the allowable limit), where we were informed that exemptions were granted by management; however there was no documentation to support such exemptions. The school districts did not have guidelines around who could grant such exemptions. New government policy AD-6405 Purchase Card specifies a process to request exemptions to transactions prohibited by the policy.

- Recommendation**      **2.49**    We recommend school districts monitor and enforce adherence to guidelines in the cardholder agreement and policy AD-6405 Purchase Card.
- Insufficient training**      **2.50**    We interviewed cardholders as well as staff involved in the processing and approval of purchase card transactions to determine what type of instructions they received. We expected staff would be provided education on the appropriate use of cards and transaction processing steps.
- 2.51**    Cardholders may receive verbal instructions at the school level when receiving a card. We found there was no comprehensive ongoing education from the school districts regarding the use of purchase cards. Through examination of correspondence between the school districts and cardholders concerning transactions, we found several instances where it appeared that staff were not aware of requirements and guidelines.
- 2.52**    In several schools, administrative staff are responsible for reconciling transaction reports with receipts and sending the documents to the school district on behalf of the school's cardholders. This causes delays when administrative staff are on leave, such as during the summer months.
- Recommendations**      **2.53**    We recommend school districts provide education to cardholders on their responsibilities, the appropriate use of purchase cards, consequences for misuse, as well as transaction reconciliation procedures, before new cardholders begin to use their card and regularly for all cardholders.
- 2.54**    We recommend school districts provide training to purchase card administrators and transaction approvers on the appropriate use of purchase cards and enforcement procedures.
- Inadequate segregation of duties**      **2.55**    Through our walkthroughs of transaction processing and examination of supporting documentation, we found there were staff with incompatible responsibilities or accesses.
- 2.56**    We identified one cardholder who also had transaction approval access in the financial information system. This creates a risk that a cardholder could electronically approve their own purchases. The school district requested the employee's approval responsibility be removed following our inquiry.

**2.57** Each transaction must receive separate spending and payment authority approval. We found evidence that cardholders who were principals or other members of management were allowed to manually approve their own transactions as spending authority in francophone Nord-Est. This violates government policy AD-6402 Approval of Payments, which states, “*No person shall exercise either spending or payment authority with respect to a payment from which he or she can personally benefit*”.

**2.58** In many cases, the items purchased by a cardholder were used by the cardholder. For example, one item was a car starter for a government vehicle used by the cardholder. Other items included a tablet and a smartphone used by the cardholders and meals for meetings the cardholders took part in. New policy AD-6405 Purchase Card now clarifies that cardholders cannot sign as spending authority for their own purchases.

**2.59** In addition, we identified instances where the same transaction approver signed as both spending and payment authority in francophone Sud. The transactions in question involved two employee travel-related purchases (which should not be paid by purchase card) and a website membership fee, for a total expenditure of \$460.06. This also violates policy AD-6402 which states, “*Spending and payment authority must not be exercised by the same person for the same expenditure*”.

***Recommendation***

**2.60** We recommend school districts segregate incompatible user responsibilities and system accesses as required by government policies AD-6402 Approval of Payments and AD-6405 Purchase Card.

***Insufficient supporting documentation***

**2.61** In our testing of transactions, we found many instances where supporting documentation for a purchase was lacking. Several of the cases related to meals for business meetings. Government travel policy AD-2801 states that claims for business meeting expenses “*must clearly state the purpose of the function; the number of persons involved, and must be accompanied by appropriate detailed receipts*”. In several cases in all three districts, the purpose of the meeting or the number of attendees was not indicated in supporting documentation.

**2.62** We identified one case in francophone Sud where gift cards to NB Liquor were purchased using a purchase card. The supporting documentation indicated this was a personal purchase made accidentally; however the district could not

initially provide evidence that the cardholder had reimbursed the amount. The district obtained a reimbursement following our inquiry.

**2.63** In ten cases in the three districts totalling over \$1,300, the lack of documentation prevented us from determining whether the purchase was legitimate. The items purchased in these cases included fruit arrangements, iced coffee purchased in Ottawa, and \$500 in chocolate.

**2.64** Anglophone West was unable to provide any documentation for two purchases totalling \$130.

*Recommendation*

**2.65** We recommend school districts ensure sufficient documentation in support of purchase card transactions be provided by the cardholder, reviewed against applicable policies and guidelines and filed for future reference.

*Late submission of supporting documentation*

**2.66** Timely processing of transactions is important for reporting purposes and for identifying possible fraudulent purchases. The agreement with the bank allows government 60 days to dispute a fraudulent purchase.

**2.67** Cardholders are responsible for reviewing their weekly transaction report and signing the report to indicate they made the purchases. Either the cardholder or administrative support staff sends the reports with related receipts to the school district for processing. We found this process was delayed in many cases, sometimes for more than 60 days, as shown in Exhibit 2.12.

Exhibit 2.12 - Observations Related to Late Submission of Supporting Documentation

<b>Observations Related to Late Submission of Supporting Documentation</b>		
	<b>2015-16</b>	<b>2016-17</b>
<b>Anglophone West</b>		
# of transactions we examined	43	44
# of transactions for which supporting documentation was outstanding over 30 days	4	8
# of transactions for which supporting documentation was outstanding over 60 days	2	6
# of transactions with no supporting documentation	2	-
<b>Francophone Sud</b>		
# of transactions we examined	44	39
# of transactions for which supporting documentation was outstanding over 30 days	11	11
# of transactions for which supporting documentation was outstanding over 60 days	6	6
<b>Francophone Nord-Est</b>		
# of transactions we examined	30	33
# of transactions for which supporting documentation was outstanding over 30 days	6	12
# of transactions for which supporting documentation was outstanding over 60 days	4	6

Source: Information compiled by AGNB

**2.68** In our testing, we considered “timely basis” as 30 days from the day of purchase to allow time for spending authority approval, as the districts follow up on transactions outstanding over 30 days. The school district cardholder agreements have requirements that the cardholder submit their receipts either immediately after the purchase or within a week.

**Recommendation**

**2.69** We recommend school districts monitor and enforce compliance with the provisions of the cardholder agreement in relation to timely submission of supporting documentation.

**Inappropriate accounting**

**2.70** Transaction approvers are responsible for reviewing the expense account code to which a purchase will be coded in the financial information system. We performed data analytics to identify transactions that appeared to be coded to the incorrect expense account.

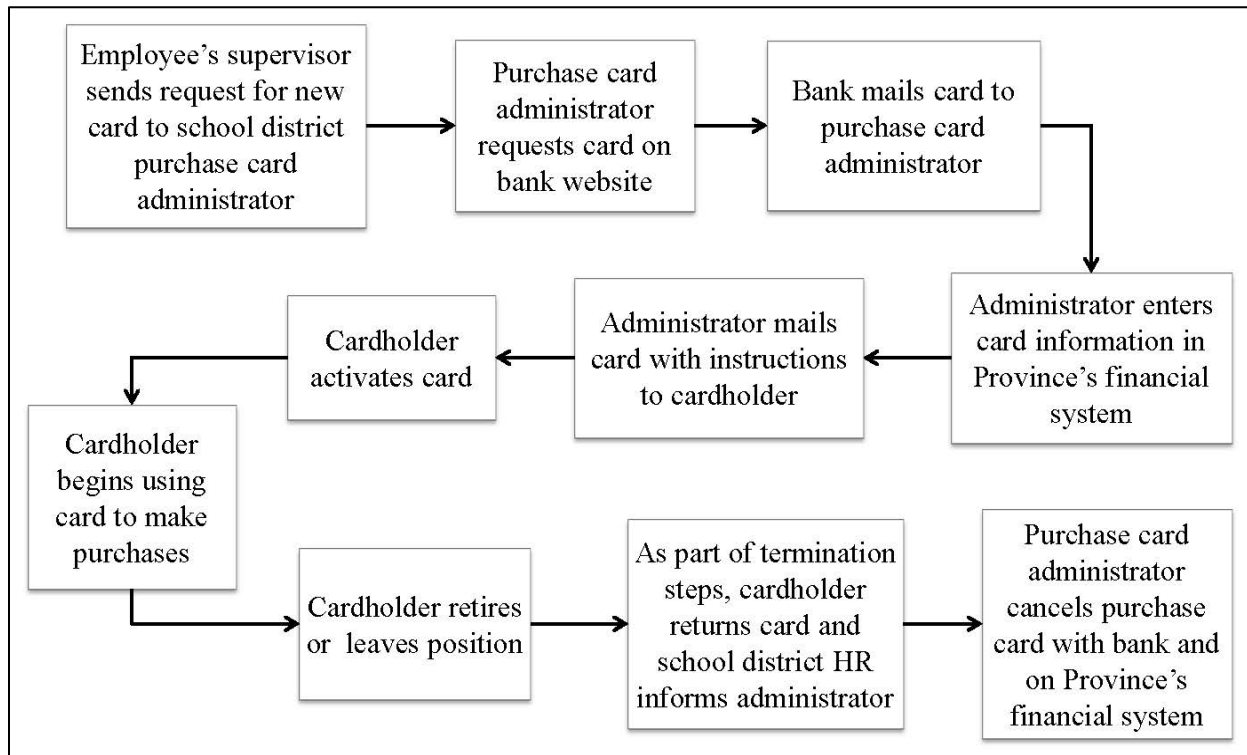
**2.71** We identified 26 transactions totalling \$13,969 of the 116 transactions we tested for 2016-17 that were coded to an incorrect account. We also noted inconsistency in account codes for similar purchases. This decreases the quality of financial information for monitoring and reporting purposes.

We also noted transactions with a total value of \$1,398 for which the incorrect amount of sales tax was entered. This affects financial reporting and the amount of tax the Province can recover.

- Recommendation**      **2.72**    We recommend school districts review account coding and the amount of sales tax for each transaction entered into the financial system in order to provide accurate financial information.
- Monitoring and Enforcement**      **2.73**    Our second objective was:  
*To determine whether school districts monitor purchase card use and take corrective action to enforce compliance.*
- Lack of monitoring**      **2.74**    We expected school districts to regularly monitor active cards issued to ensure only government employees who make purchases as part of their job had active cards.
- 2.75**    Exhibit 2.13 shows the process that should be followed for issuing a new card to a school district employee, as well as cancelling a card.



Exhibit 2.13 - Card Issuance and Cancellation Process



Source: Flowchart created by AGNB from process documentation

Note 1: The purchase card administrator in each school district is responsible for overseeing the daily operations, management and monitoring of the purchase card program.

Note 2: Step relating to cardholder signing agreement not included. See paragraph 2.31 for findings related to cardholder agreements.

**No documented procedures for issuing or cancelling cards**

**2.76** The school districts did not have documented procedures for issuing or canceling cards. We found inconsistent practices between school districts. Purchase card transaction and monthly limits were not monitored regularly.

**2.77** We found reviews of cardholder listings were done at the beginning of the school year, however school districts did not monitor listings of cards issued in a regular consistent manner.

**2.78** The school districts did not have documented procedures specifying who can request a new card. Francophone Sud and Nord-Est school districts had a form to complete for new cards, card changes and cancellations; however the form did not specify the card type to assign to the cardholder, which determines the transaction limit. Anglophone West did not use a form; requests for new cards were sent by email and did not specify transaction limits.

***Cardholders with excessive purchasing limits***

**2.79** According to the Association of Certified Fraud Examiners, reasonable dollar limits are a preventive control that should be in place for any purchase card program in order to prevent card misuse and fraud. “*By tailoring the limits to each cardholder, the total dollars at risk can be reduced*”.<sup>3</sup>

**2.80** We found five francophone Sud cardholders with card types allowing large dollar transaction limits for which the school district did not have an explanation. One cardholder had a card allowing \$6,000 per transaction, and \$50,000 per month, while two others had a card allowing \$10,000 per transaction. The card types were modified by the district following our identification of the issue. We did not identify transactions by these cardholders over \$1,850 (exemption amount per Regulation 2014-93 under the *Procurement Act* for school districts) in the years we examined.

**2.81** We identified a transaction over \$3,200 in Anglophone West for 2016-17 for goods not exempt from being procured through a competitive bidding process under the *Procurement Act* and its regulations. The district informed us the cardholder had a higher transaction limit that was subsequently changed.

**2.82** We identified in all three school districts cardholders with monthly purchasing limits higher than their entire purchases for one year. The school districts modified the monthly limits of the cardholders we identified following our inquiry.

***No formal process to ensure departing employees’ cards are cancelled***

**2.83** We asked the districts to review a list of cardholders with active cards at May 2017 with no transactions or only one or two transactions during fiscal year 2016-17. Francophone Sud had the highest number of cards with no purchases in 2016-17, with a total of 106 cards. The district informed us its card listing was under review. Francophone Nord-Est had 13 cards with no transactions in 2016-17. It identified four cards that needed to be cancelled. One cardholder did not work for the district anymore, while the other three did but no longer needed their card. Anglophone West had 9 cards with no transactions. Upon our inquiry, it identified four cards that needed to be cancelled and informed us two of the employees were on leave,

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<sup>3</sup> Association of Certified Fraud Examiners, *Preventing, Detecting and Investigating Procurement Card Abuse*, accessed on November 18, 2016 on <http://www.acfe.com/article.aspx?id=4294970387>

one had retired and one no longer needed the card.

**2.84** School districts were not always informed when a cardholder retires or leaves a position. There was no formalized process to ensure departing employees' cards were cancelled before they leave. This increases the risk of fraudulent transactions. Information regarding staff changes should be shared within the district between human resources and the purchase card administrator.

*Recommendations*

**2.85** We recommend school districts review cardholder listings regularly to ensure only active employees who purchase for the school districts have the appropriate type of purchase card with transaction and monthly limits that meet their purchasing needs.

**2.86** We recommend school districts add a formal step in the termination process in order to ensure departing employees' cards are cancelled before their employment with the district ends.

**2.87** We recommend school districts develop, document and implement procedures for the issuance and cancellation of purchase cards in consultation with the other school districts, with guidance from the Office of the Comptroller as needed, to ensure consistency and efficiency.

*Inconsistent enforcement*

**2.88** As part of our testing of purchase card transactions, we documented whether the transaction violated the requirements of a relevant piece of legislation, government policy, a school district guideline or the cardholder agreement, and whether the district had taken steps to enforce compliance.

**2.89** Exhibit 2.14 presents our observations in regards to violations identified in our testing of transactions for all three districts.

Exhibit 2.14 - Observations Related to Violations

Observations Related to Violations				
Type of Violation	2015-16		2016-17	
	# of Violations	Total Dollar Value	# of Violations	Total Dollar Value
Violation of <i>Procurement Act</i>	8	\$28,072	4	\$23,457
Combined purchases exceed card transaction limit	7	\$28,563	5	\$19,305
Purchase exceeds card transaction limit	2	\$3,431	3	\$6,743
Donation (not allowed on card by district)	1	\$200	2	\$325
No government business purpose	1	\$89	3	\$178
Employee travel expense not allowed on card	-	-	3	\$327
Personal purchase	1	\$30	2	\$192
Gift cards (not allowed on card)	-	-	4	\$410
<b>Total</b>	<b>20</b>	<b>\$60,385</b>	<b>26</b>	<b>\$50,937</b>

Source: Information compiled by AGNB

**2.90** Regulation 2014-93 under the *Procurement Act* exempts school districts from procuring through a competitive bidding process certain goods such as school textbooks and educational software up to \$25,000. The violations noted in Exhibit 2.14 related to purchases of goods not exempt under the Act. In most cases, the cardholders had circumvented the Act and the card transaction limit by purchasing goods the same day in multiple transactions that totalled over the allowable limit.

**2.91** We expected the approvers to review transactions for compliance with relevant legislation, policies and guidelines, and to document steps taken when a purchase transaction violated one or more of these requirements.

**2.92** We found there was insufficient documentation of enforcement actions taken. In several cases, we were unable to determine whether appropriate enforcement action was taken due to lack of documentation. We also found repeated violations by the same cardholders.

**2.93** In addition, we found exemptions were granted to some cardholders, while the guideline was enforced for others for the same types of transactions, with no clear explanation from the school district.

**2.94** We noted in 2016-17 the school districts have suspended cards for repeated violations and provided additional guidance

in relation to purchase card guidelines.

- Recommendations**
- 2.95 We recommend school districts document their regular monitoring of purchase card transactions to identify violations.**
- 2.96 We recommend school districts develop, document and implement consistent enforcement procedures for non-compliant cardholders to enforce guidelines in consultation with the other school districts, with guidance from the Office of the Comptroller as needed, to ensure consistency and efficiency.**
- 2.97 We recommend the Department of Education and Early Childhood Development coordinate work on the implementation of our recommendations by all school districts.**
- 2.98 We recommend the Department of Education and Early Childhood Development’s internal audit function audit and report on school district purchase cards on a regular basis.**

## Appendix I: Criteria Used in our Audit

The audit criteria we used to evaluate our objectives are listed below.

### Objective 1

To determine whether school district purchase card procedures comply with legislative and policy requirements.

Criterion 1: The school district should have clear documented guidelines in place for the use and administration of purchase cards.

Criterion 2: School district purchase card procedures should comply with legislative and policy requirements.

### Objective 2

To determine whether school districts monitor purchase card use and take corrective action to enforce compliance.

Criterion 1: The school district should monitor purchase cards to prevent, detect and deter non-compliant use of purchase cards.

Criterion 2: The school district should take corrective action in cases of non-compliance to enforce compliance.

**Source of criteria:** Developed by AGNB based on review of guidelines in purchase cardholder agreement, related policies and legislation, best practices reports and reports by other jurisdictions' Auditors General.

## Appendix II: About the Audit

This independent assurance report was prepared by the Office of the Auditor General of New Brunswick on school district purchase cards. Our responsibility was to provide objective information, advice, and assurance to assist the Legislative Assembly in its scrutiny of the government's management of resources and programs, and to conclude on whether school district purchase card procedures comply in all significant respects with the applicable criteria.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 – Direct Engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook – Assurance.

AGNB applies Canadian Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Chartered Professional Accountants of New Brunswick and the Code Professional Conduct of the Office of the Auditor General of New Brunswick. Both the Rules of Professional Conduct and the Code are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from management:

- confirmation of management's responsibility for the subject under audit;
- acknowledgement of the suitability of the criteria used in the audit;
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided; and
- confirmation that the findings in this report are factually based.

Period covered by the audit:

The audit covered the period between April 1, 2015 and March 31, 2017. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, we also examined certain matters that preceded the starting date of the audit.

# Chapter 3

## Follow-up on Recommendations from Prior Years' Performance Audit Chapters

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# Follow-up on Recommendations from Prior Years' Performance Audit Chapters

## Background

**3.1** This follow-up chapter promotes accountability by giving the Legislative Assembly, and the general public, information about how responsive government has been to our performance audit (value for money) recommendations. We think it is important that both MLAs and taxpayers be provided with sufficient information to assess the progress government is making in implementing these recommendations.

**3.2** Note that recommendations made to departments, commissions and Crown agencies pursuant to our financial audit work are followed up annually as part of our financial audit process, and are not discussed in this chapter. For a complete list of performance audit reports over the last ten years, please see Appendix A.

*This year we followed up on 2013, 2014 and 2015 chapters and selected others*

**3.3** We continue to have a strategic goal that departments, commissions and agencies accept and implement all our performance audit recommendations. Consequently, in this chapter we report on the updates as provided to us by departments, commissions and Crown agencies for performance audit recommendations made in our 2013, 2014 and 2015 Reports. Even though we do not have the resources to review the accuracy of all responses annually, we reviewed the responses received related to our 2013 recommendations for accuracy, and gathered and summarized the information submitted by departments, commissions and agencies for 2014 and 2015. We also reviewed the status of a recommendation made by the Auditor General in 2012 concerning the need for a comprehensive long-term infrastructure plan.

## Summary

***49% of our 2013 to 2015 recommendations have been implemented***

***Six of our eleven recommendations on Fosters Homes have been implemented***

***Seven of our thirteen recommendations on Bridge Inspection and Capital Maintenance Planning have been implemented***

**3.4** Our overall results show departments, commissions and agencies report they had implemented about 49% (76 of 156) of our performance audit recommendations from the 2013, 2014 and 2015 Reports of the Auditor General.

**3.5** The percentage of performance audit recommendations implemented from 2013 was 43%. It appears, based on self-reporting by the departments responsible for the recommendations in our 2014 and 2015 reports, that implementation percentages may ultimately be better for 2014 and 2015.

**3.6** In our follow-up of our 2013 audit of Foster Homes in the Department of Social Development, we found six of our eleven recommendations have been implemented, as discussed later in this chapter. However, more work is needed to implement recommendations to address concerns in the following areas:

- establishing standards for contracting with foster families;
- compliance with foster home standards;
- increasing the awareness of costs available for reimbursement to foster families;
- ensuring information used by central office for program planning is complete and accurate; and
- publicly reporting on the effectiveness of Children's Residential Services program.

**3.7** In our follow up of the 2013 chapter on Provincial Bridges, we found the Department of Transportation and Infrastructure has implemented seven of our thirteen recommendations. There has also been progress on the implementation of three recommendations concerning the inspection manual, which was in draft form at the time of our review.

**3.8** Additional work is needed to document processes and follow a systematic approach for bridge rehabilitation or replacement project selection. The Department also needs to complete its work on defining least life cycle costs for bridges and use it to prioritize capital bridge work.

***Growing funding deficit for bridge maintenance not presented to decision makers***

**3.9** We also made a recommendation to the Department for a long-term plan to address current and future funding shortfalls in bridge maintenance budgets. Though the Department stated they implemented this recommendation, we were disappointed to find this was not the case. It is important for decision makers to know the state of the maintenance deficit and its impact on future years.

***Only three of nine recommendations on Procurement of Goods and Services have been implemented***

**3.10** Not all recommendations contained in our 2013 chapter on Procurement of Goods and Services have been implemented. Our review found only three of our nine recommendations had been implemented. Though Service New Brunswick indicated five other recommendations had been implemented, during our review we determined they had not. We did find progress was made towards the implementation of the remaining recommendations.

***Our recommendation from the work on Point Lepreau Generating Station has been implemented***

**3.11** It is positive to note the recommendation resulting from our audit of Point Lepreau Generating Station – Phase 1 has been implemented by NB Power. We were pleased to see the level of public reporting on the Mactaquac Dam project and the use of a third party expert for making informed decisions.

***Some progress on the recommendations resulting from our work on Collection of Accounts Receivable***

**3.12** Our follow-up on the recommendations from our work on Collection of Accounts Receivable indicated two of our nine recommendations have been implemented. Some of our recommendations went to multiple departments with varying implementation rates.

**3.13** A number of departments indicated they had not implemented some of our recommendations pending the creation of the “Centralized Collection Unit” at Service New Brunswick (SNB). According to SNB, there is a five-year plan to set up an ERP<sup>1</sup> system which has a specific module that manages accounts receivable, and it is currently at the Request for Proposal stage.

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<sup>1</sup> ERP stands for “Enterprise Resource Planning.”

**3.14** We did find progress was made on sharing debtor contact information and taking steps to identify accounts at risk of being statute-barred in order to maximize collections. Recommendations made to Opportunities NB, Department of Education and Early Childhood Development and Aboriginal Affairs Secretariat, have been implemented. However, recommendations made to the Departments of Post-Secondary Education, Training and Labour, Agriculture, Aquaculture and Fisheries, and Finance have not been implemented.

*Work still needed on long-term infrastructure plan*

**3.15** In 2012, we expressed concern with the sustainability of the Province's infrastructure. We noted the need for a comprehensive long-term infrastructure plan to ensure the sustainability and safety of all essential infrastructure in the province.

**3.16** Our 2017 follow-up on this recommendation found the recommendation has not been implemented by the Department of Transportation and Infrastructure, though we noted improvements in public reporting on the condition of infrastructure. We are disappointed there remains no long-term approach to budgeting for all assets, and a lack of rationalization of assets.

**Scope and Objectives**

**3.17** Our practice is to track the status of our performance audit recommendations for four years after they first appear in the Report of the Auditor General, starting in the second year after the original Report. In other words, in this 2017 Report, we are tracking progress on performance audit recommendations from 2013, 2014 and 2015. Our objective is to determine the degree of progress departments, commissions and Crown agencies have made in implementing our recommendations. We have assessed their progress as either implemented, not implemented, disagreed with, or no longer applicable.

**3.18** To prepare this chapter, we request written updates on progress from the respective departments, commissions and Crown agencies. They are asked to provide their assessment of the status of each performance audit recommendation. In addition, departments, commissions and agencies also add any comments they believe are necessary to explain the rationale for their assessment.

**3.19** We received all updates requested.

**2013 chapters we followed up on in 2017**

**3.20** In the past year we followed up on all performance audit recommendations made in our 2013 Report. Areas covered included:

- Foster Homes;
- Provincial Bridges;
- Procurement of Goods and Services – Phase I;
- Point Lepreau Generating Station Refurbishment - Phase I; and
- Collection of Accounts Receivable.

**Other work we followed up on in 2017**

**3.21** We also met with Opportunities New Brunswick to get an update on their progress in implementing the recommendations from our 2015 audit of *Financial Assistance to Atcon Holdings Inc. and Industry*. The detailed findings of this follow-up work have been reported in Volume II of our 2017 Report: *Financial Assistance to Atcon: Unanswered Questions*.

**3.22** We also followed up on a recommendation made by the Auditor General in 2012 concerning the sustainability of the province's infrastructure.

**Detailed Findings**

**3.23** This section provides details on how well departments, commissions and Crown agencies have done in implementing performance audit recommendations we made in the years 2013, 2014 and 2015.

**3.24** Exhibit 3.1 presents the status of recommendations by department, commission and agency. This information allows users to quickly assess which departments, commissions and agencies have done a good job in implementing our recommendations, and which have not. Exhibit 3.2 provides additional details on the implementation of recommendations by department, commission and agency.

*Exhibit 3.1 – Status of Implementation of Recommendations*





Legend	
	100% of Recommendations Implemented
	75% - 99% of Recommendations Implemented
	50% - 74% of Recommendations Implemented
	< 50% of Recommendations Implemented

Exhibit 3.1 – Status of Implementation of Recommendations (continued)

Departments	Report Release Date & Project Name	Year of AGNB Report		
		2017	2016	2015
Finance	Public Debt (2015)	●		
Government Services (Service New Brunswick)	Procurement of Goods and Services - Phase I (2013)	●	▲	▼
Health	Infection Prevention and Controls in Hospital (2015)	✓		
Horizon Health Network		▼		
Vitalité Health Network		▼		
Natural Resources (Energy and Resource Development)	Private Wood Supply (2015)	▼		
	Silviculture (2015)	▼		
NB Power	Point Lepreau Generating Station Refurbishment - Phase II (2014)	✓	✓	
	Point Lepreau Generating Station Refurbishment - Phase I (2013)	✓	✓	●
Opportunities NB	Financial Assistance to Atcon Holdings Inc. and Industry (2015)	●		
New Brunswick Internal Services Agency (Service New Brunswick)	Data Centre Power Interruption (2014)	▲	●	
Social Development	Foster Homes (2013)	▼	▲	✓
Transportation and Infrastructure	Centennial Building (2015)	✓		
	Provincial Bridges (2013)	▼	▼	▼
	Long-term Infrastructure Sustainability Plan (2012)	●	●	●
Various Departments	Collection of Accounts Receivable (2013)	●	●	●

Exhibit 3.2 - Status of Performance Audit Recommendations as Reported by Departments, Commissions or Agencies

Department/ Commission/ Agency	Subject	Year	Performance Audit Recommendations					% Implemented
			Total	Implemented	Agreed/Not implemented	No longer applicable/ Not determinable	Disagreed	
Finance	Public Debt	2015	8	0	8	0	0	0%
Government Services (Service New Brunswick)	Procurement of Goods and Services-Phase I	2013	9	3	6	0	0	33%
Health	Infection Prevention and Controls in Hospital	2015	2	2	0	0	0	100%
Horizon Health Network			10	5	5	0	0	50%
Vitalité Health Network			10	6	4	0	0	60%
Natural Resources (Energy and Resource Development)	Private Wood Supply	2015	19	11	8	0	0	58%
	Silviculture	2015	21	8	12	1	0	38%
NB Power	Point Lepreau Generating Station Refurbishment - Phase II	2014	10	10	0	0	0	100%
NB Power	Point Lepreau Generating Station Refurbishment - Phase I	2013	1	1	0	0	0	100%
Opportunities NB	Financial Assistance to Atcon Holdings Inc. and Industry	2015	19	4	15	0	0	21%
Executive Council Office			1	0	1	0	0	0%
New Brunswick Internal Services Agency (Service New Brunswick)	Data Centre Power Interruption	2014	4	3	1	0	0	75%
Chief Information Officer			3	3	0	0	0	100%
Social Development	Foster Homes	2013	11	6	5	0	0	55%
Transportation and Infrastructure	Centennial Building	2015	5	5	0	0	0	100%
Transportation and Infrastructure	Provincial Bridges	2013	13	7	6	0	0	54%

*Exhibit 3.2 - Status of Performance Audit Recommendations as Reported by Departments, Commissions or Agencies (continued)*

Department/ Commission/ Agency	Subject	Year	Performance Audit Recommendations					% Implemented
			Total	Implemented	Agreed/Not implemented	No longer applicable/ Not determinable	Disagreed	
Transportation and Infrastructure	Long-Term Infrastructure Sustainability Plan	2012	1	0	1	0	0	0%
Various Departments	Collection of Accounts Receivable	2013	9	2	7	0	0	22%
<b>Total</b>			<b>156</b>	<b>76</b>	<b>79</b>	<b>1</b>	<b>0</b>	<b>49%</b>

**25 recommendations from 2013 have not been implemented**

**3.25** Exhibit 3.3 shows the results summarized by year. Departments, commissions and agencies reported to us that they had implemented 57 of 111 (51%) of our performance audit recommendations from the 2014 and 2015 Reports of the Auditor General. For 2013, based upon department, commission and agency reporting, and our own review of their assessments, we have concluded that 19 of 44 (43%) of our recommendations have been implemented. Of the remaining 25 recommendations, all have been agreed with but are not yet implemented. We find it very unfortunate that recommendations from four years ago are still not implemented.

*Exhibit 3.3 - Summary Status of Recommendations by Year as Reported by Departments, Commissions or Agencies*

Year	Recommendations					Percentage Implemented*
	Total	Implemented	Agreed/Not Implemented	No Longer Applicable/Not Determinable	Disagreed	
2015	95	41	53	1	0	44%
2014	17	16	1	0	0	94%
2013	44	19	25	0	0	43%
<b>Total</b>	<b>156</b>	<b>76</b>	<b>79</b>	<b>1</b>	<b>0</b>	<b>49%</b>

\* calculation excludes recommendations that are no longer applicable



**Comments on  
recommendations  
from 2013**

**3.26** This year we performed detailed follow-up work on our 2013 performance audit recommendations. Projects included in the 2013 Report included:

- Foster Homes ;
- Provincial Bridges;
- Procurement of Goods and Services – Phase I
- Point Lepreau Generating Station Refurbishment – Phase I; and
- Collection of Accounts Receivable.

**3.27** In the section that follows, we provide additional commentary on these five projects.

**Note to Public  
Accounts and Crown  
Corporations  
Committee**

**3.28** We encourage Members of the Legislative Assembly to look at the performance audit recommendations documented in this report which the departments, commissions and Crown agencies have not implemented. Upcoming meetings of the Public Accounts Committee and the Crown Corporations Committee provide an opportunity for Members to pursue the status of these recommendations with the involved departments, commissions and Crown agencies.

## Social Development

### Foster Homes

#### **Background**

**3.29** Sometimes, for any one of a number of reasons (such as drug or alcohol abuse, domestic violence or mental health issues) children are abused or neglected. In such cases, the Province steps in to protect these children at risk. Under the *Family Services Act*, the Department of Social Development (Department) has been assigned responsibility for child protection.

**3.30** When it is determined a child should be removed from a home, he or she will be placed in the care of the Minister either temporarily or permanently. "*Foster families are volunteers who are trained to provide a family home environment for children in the care of the Minister of Social Development when they are unable to remain with their natural families.*"<sup>2</sup> Social workers approve and monitor these alternative living environments for children who are under the age of nineteen and unable to live with their parents. As of March 2012, there were 531 foster families<sup>3</sup> providing homes for approximately 1,100 children in foster care.

#### **Audit objectives**

**3.31** Our objectives for this work were:

1. *To determine if the Department of Social Development complies with its documented foster home standards<sup>4</sup> for providing a safe and secure environment for children who have to be separated from their natural families; and*
2. *To determine if the Department of Social Development publicly reports on the effectiveness of its Children's Residential Services program.*

<sup>2</sup> Department website – Children's Residential Services – Foster Homes

<sup>3</sup> Department of Social Development, *2011-2012 Annual Report*, November 2012, page 37.

<sup>4</sup> "documented foster home standards" refers to the Department's "*Children's Residential Services Practice Standards For Social Workers – Foster Homes*" dated January 2005. "*Practice standards are mandatory and establish a minimum level of performance to meet the compliance required in a particular service.*" (section 1.1, page 1).

**Audit conclusions**

**3.32** We concluded the Department of Social Development:

1. Did not always comply with its documented foster home standards. The standards for approving a foster family were not always met, and the monitoring of foster families needed improvement.
2. Did not publicly report on the effectiveness of its Children's Residential Services program. The Department had not established measurable performance indicators or performance goals for the Children's Residential Services program, which are prerequisites for effectiveness reporting.

**Six of our eleven recommendations on foster homes have been implemented**

**3.33** Our work resulted in eleven recommendations being provided to the Department of Social Development. Six of these recommendations have been implemented. In particular, the Department now monitors foster home files for compliance with its documented foster home standards. Five recommendations have yet to be implemented. The status of those recommendations is discussed below.

**Recommendation 2.57: standards for contracting with foster families**

**3.34** We recommended the Department establish standards for contracting with foster families.

**3.35** In its 2017 update, the Department indicated this recommendation was not implemented and stated:

*“When a child is placed in a foster home and has specific unique needs a care plan is developed specific to the child. This contract is developed to meet the unique and complex needs of a child who has complicated/complex behavioral/emotional needs that require a higher level of intervention and skill and supports the foster family to meet the unique needs of the child. When the Child in Care Standards are finalized in Fall 2017 they will provide further direction/guidance on the development of case plans.”*

**Recommendation 2.72: complying with foster home standards**

**3.36** In addition, we recommended the Department comply with its documented foster home standards for providing a safe and secure environment for children who have to be separated from their families.

**3.37** In its 2017 update, the Department indicated this recommendation was implemented and stated:

*“The Department continuously reviews programs, standards and policies to ensure children are living in a safe and secure environment when they cannot be with their families. Any time the Department is aware of changes in building codes, fire regulations, etc. which impact foster homes, the Department makes changes immediately to ensure safety and security is maintained. There are also periodic meetings scheduled between central office and regional staff where program issues are discussed including the importance of adherence to existing standards.”*

**3.38** However, our review of the Department’s 2016 internal audit report found that non-compliance with its documented foster home standards was still an area needing improvement. We concluded this recommendation has not been implemented.

**Recommendation 2.124:**  
*increase awareness of costs available for reimbursement*

**3.39** We also recommended the Department take steps to increase the awareness of costs available for reimbursement to foster families.

**3.40** The Department’s 2017 update indicated this recommendation was not implemented and stated:

*“The Department provides funding and supports to families based on the care plan of the child. Financial rates and benefits for Children in Care continue to be reviewed annually. The Child in Care Standards will provide greater guidance and consistency on the range of items to be reimbursed.”*

**Recommendation 2.129:**  
*reconciling foster family information with regions on a regular basis*

**3.41** We further recommended the Department reconcile its foster family information (statistics, data, names) with each of the regions on a regular basis to ensure information used by central office for program planning is complete and accurate.

**3.42** In its 2017 update, the Department indicated this recommendation was implemented and stated:

*“The Department has taken many steps to ensure accuracy in the data collection and continues to monitor information in order to ensure accuracy between the region's file information and that in the electronic*

*computer system. Clinical audits are utilized and are presently being done to review adherence to Standards and ensure file information and electronic information are kept current. The process for monitoring will be further strengthened by new Regulations that are planned to be in place for the Fall 2017.”*

**3.43** Our review of the Department's 2016 internal audit report noted several inconsistencies between the electronic and manual files, and this was still an area needing improvement. We therefore concluded the recommendation has not been implemented.

***Recommendation 2.134:  
publicly reporting on  
performance***

**3.44** Finally, we recommended the Department publicly report on the effectiveness of its Children's Residential Services program. Such performance information should be included in the Department's annual report and on its website.

**3.45** In its 2017 update, the Department indicated this recommendation had been implemented:

*“The Department continues to work on the development of key performance indicators for all of its programs. Statistical data concerning foster homes is available publically on the Departmental website.”*

**3.46** We, however, found no performance information present in the 2016 Annual Report regarding the foster care program. Program information on the website is similar to that at the time of the audit.

## Transportation and Infrastructure

### Provincial Bridges

**3.47** Properly maintained bridges are essential to the integrity of the transportation system and the safety of New Brunswickers. The Department of Transportation and Infrastructure (the Department or DTI) is responsible for the maintenance of bridge structures on provincially designated highways in New Brunswick.

***Audit objectives***

**3.48** Our objectives for this work were:

- 1. To determine whether the Department performs bridge inspections in accordance with accepted professional standards and uses the inspection results to identify and prioritize necessary capital*

*maintenance and other remedial measures.*

2. *To determine whether the Department maintains the service level of its bridge inventory based on a long term least life cycle cost approach.*
3. *To determine whether the Department publicly reports on the condition of designated Provincial bridges and the effectiveness of its bridge inspection activities.*

### ***Audit conclusions***

#### **3.49** We concluded:

1. The Department performs regular detailed visual inspections on bridge structures which comply with professional standards. However, we noted weaknesses in the documentation of inspection procedures, the collection of quantitative information within the inspection reports, and the use of priority codes.
2. The Department does not use the least life cycle cost approach to maintain the service level of its bridge inventory. They have not implemented, and do not have a plan to implement, a bridge asset management system.
3. The Department does not publicly report the condition of designated Provincial bridges or its effectiveness with regards to its bridge inspection activities.

***Seven of our thirteen recommendations on bridge inspection and capital maintenance planning have been implemented***

**3.50** Our work resulted in thirteen recommendations being provided to the Department of Transportation and Infrastructure. Eight of the recommendations related to improvements to the inspection and maintenance planning processes. Two recommendations dealt with the least life cycle cost approach and funding, while the remaining three recommendations addressed reporting on bridge condition and effectiveness of the inspection program.

**3.51** Seven of these recommendations have been implemented. In particular, the Department is publicly reporting on the condition of provincial bridges, has set targets, reports on the overall condition of provincial bridge inventory and the effectiveness of its inspection program. The bridge condition index score (BCI) of the Department's bridge structures can be found on the Department's website and the performance targets and

actual results in its annual report.

**3.52** Six recommendations have yet to be implemented. The status of those recommendations is discussed below.

***Recommendation 3.62:  
follow Ontario Structures  
Inspection Manual  
guidelines***

**3.53** We recommended the Department follow the Ontario Structures Inspection Manual guidelines for reporting bridge component deterioration and record the quantitative information such as the width and extent of cracks in the inspection reports.

**3.54** In its 2017 update, the Department indicated this recommendation was not implemented and stated:

*“While drafting its inspection manual, the Department incorporated inspection procedures with regards to reporting deterioration and quantitative information such as the width and extent of cracks. DTI is targeting full implementation in June 2017.”*

**3.55** The New Brunswick inspection manual was still in draft form as of June 2017. At the time of our review, it was in the process of being finalized and was being reviewed by an external third party.

***Recommendation 3.69:  
add severity rating***

**3.56** In addition, we recommended the Department add a severity rating component to their material rating process, similar to the Ontario Structures Inspection Manual.

**3.57** In its 2017 update, the Department indicated this recommendation was not implemented and stated:

*“Department reviewed and incorporated the severity rating system. DTI is targeting the final inspection manual to be complete in June 2017.”*

**3.58** Our review of the draft inspection manual and discussions with department staff confirmed this has been incorporated into the draft NB Manual.

***Recommendation 3.75:  
standardize the use of  
priority codes***

**3.59** We also recommended the Department standardize the use of priority codes within the inspection reporting process.

**3.60** The Department's 2017 update indicated this recommendation was not implemented and stated:

*“While drafting its inspection manual, the Department*

*reviewed and incorporated the priority code system. DTI is targeting the final inspection manual to be completed in June 2017.”*

***Recommendation 3.88:  
establish guidelines for  
project selection***

**3.61** We further recommended the Department establish guidelines for bridge repair and replacement project selection and document the rationale for the projects selected.

**3.62** In its 2017 update, the Department indicated this recommendation was not implemented and stated:

*“The Department has a process for developing capital and ordinary projects and will formally document the rationale for project selection. Target date for completion: June 2017.”*

**3.63** Our review of the Department's processes and available documentation for bridge rehabilitation or replacement indicate they have not substantially changed since the time of our audit. There are many factors and considerations that may go into which projects are selected given the limited available funding, but not all factors are directly related to the condition of the bridge. It is important that this process be documented and follows a systematic approach. There should be a clear link between projects chosen and the Department's overall goals and objectives.

***Recommendation 3.104:  
define and adopt least  
lifecycle cost approach  
for bridge work***

**3.64** We recommended the Department clearly define the least life cycle cost for a bridge and adopt this approach in prioritizing all capital bridge work, as stated in the Department's Bridges and Culverts Asset Management Plan.

**3.65** In its 2017 update, the Department said:

*“The Department is working on a model which will define the least life cycle cost for bridges and large culverts. Target date for completion: December 2018.”*

***Recommendation 3.136:  
develop and implement  
long term plan to address  
funding shortfalls***

**3.66** Our final recommendation stated the Department should have a long term plan to address current and future funding shortfalls in the ordinary and capital bridge maintenance budgets and this plan should be communicated to senior officials and Cabinet.

**3.67** In its 2017 update, the Department indicated this



recommendation was implemented:

*“Currently, ordinary and capital budget plans are communicated to senior officials and Cabinet Ministers on an annual basis. It should be noted, however, that securing funding to address all bridge maintenance and rehabilitation continues to be a budgetary challenge.”*

**3.68** Our review found that this process has not substantially changed since the time of our audit and current and future funding shortfalls are not reconciled and presented year over year. It is important for decision makers to know the state of the maintenance deficit and whether it is growing as this will become an increasing burden on future years.

### Service New Brunswick (formerly Government Services)

#### Procurement of Good and Services – Phase I

##### *Audit objectives*

**3.69** Our 2013 audit on the procurement of goods and services had two objectives:

- to determine if public purchasing practices used by government complied with key components of the regulatory framework and best practices; and
- to determine if the Department of Government Services (DGS) publicly reported on the effectiveness of the procurement function

**3.70** Our audit found procurements undertaken by DGS in 2012-13 did not always comply with the *Public Purchasing Act* and regulation. We also noted a number of best practices that could be followed to enhance practices and procedures followed by the Province when procuring goods and services. Finally, we found DGS did not adequately report on the effectiveness of the procurement function.

**3.71** After our audit work was completed, government combined three entities, including the Department of Government Services, with the existing Service New Brunswick (SNB). We will refer to Service New Brunswick instead of the Department of Government Services in this section.

**3.72** Since our audit, government also replaced the *Public Purchasing Act* with the new *Procurement Act*, brought

into force in October 2014. The *Procurement Act* and regulation represented substantial change to procurement practices and procedures. It was necessary in our follow-up work to ensure the actions taken by SNB in response to our recommendations complied with the new Act and regulation.

**3.73** Our original audit work resulted in nine recommendations. We found three have been implemented and the remaining six recommendations have not been implemented. The statuses of the non-implemented recommendations are discussed below.

***Recommendation 4.85:  
exemption approval  
policy***

**3.74** We recommended the DGS develop an exemption approval policy that balances procurement risk and value against timeframe considerations to better meet client department and DGS approval requirements.

**3.75** The response from SNB in 2017 indicated this recommendation was implemented, stating “*changes to exemption procedures were introduced on October 30, 2014 to coincide with the introduction of the new Act and Regulation.*”

**3.76** Our review of the *Procurement Act* and its associated regulation, as well as SNB policies and procedures found considerable change in the legislation with regards to exemptions. We reviewed a number of exemption files and found they comply with the regulatory requirements.

**3.77** We were provided with a procedural document specific to exemptions but no policy that “*balances procurement risk and value against timeline considerations.*” For this reason we consider this recommendation not implemented.

***Recommendation 4.171:  
public reporting***

**3.78** We also recommended the DGS publicly report on the goals, objectives, performance targets and actual results achieved by the Strategic Procurement business unit with explanations for any variances between actual results and targets.

**3.79** In its 2017 response, SNB believed this recommendation to be implemented, stating “*Overall procurement savings targets and results were published in the annual report. Internal procurement savings targets have been communicated to departments and*

*variance reporting processes includes department savings validation and centralized reporting.”*

**3.80** We reviewed the 2015-16 annual report and found no specific goals or objectives for this unit. While we noted SNB had high level, department-wide performance indicators identified in its annual report, none appeared specific to the Strategic Procurement business unit, as required by the recommendation.

**3.81** The annual report indicated \$26.5 million in strategic procurement savings were generated, but we could identify no specific target against which this result could be measured. The report offers statistics but not performance results against predetermined targets for this business unit. In our opinion this recommendation has not been implemented.

***Recommendation 4.71:  
capturing contract draw  
down and changes to  
purchase orders***

**3.82** We recommended DGS require the use of the NBON system by client departments or implement a mechanism to accurately capture contract of supply draw down information and changes to purchase orders.

**3.83** SNB believed this recommendation was implemented in its 2017 response, stating “*Policy and system modifications were implemented.*”

**3.84** We reviewed the changes identified by SNB. It has developed policies for corporate supply arrangements and updated a key document entitled the *Procurement Coordinator Information Manual*. In addition, SNB provided an overview of a system it uses corporate contracts that provides reporting of contract usage and cost.

**3.85** We noted SNB has made significant progress in the development of a contract management framework and risk management practices. While these actions are positive and move toward implementation of the recommendation, at this stage SNB cannot ensure departments have only used the New Brunswick Opportunities Network (NBON) system to place orders with suppliers or exceeded a purchase order value.

**3.86** SNB informed us it has approval to pursue an enterprise system to provide this functionality. Since this is not yet available and other actions do not fully address

the recommendation, we consider this recommendation not implemented.

**Recommendation 4.72:**  
**periodic review of**  
**contracts**

**3.87** We also recommended DGS establish a plan to undertake periodic reviews of significant contracts to ensure all of the benefits, such as discounted pricing of the contract, are received by government entities and vendors meet their contracted obligations.

**3.88** The 2017 response from SNB indicated this recommendation was implemented, stating “*Strategic Procurement has established a contract management function which will contribute to contracts being better managed. Continuous improvement is part of SNB work culture and the implementation will be monitored on an ongoing basis for process improvement opportunities as processes and systems mature.*”

**3.89** SNB provided an example of a centrally managed contract utilizing software that allowed SNB to better track both quantity and cost. SNB indicated that centrally managed contracts are typically within its control and the mechanisms exist to ensure discounts and other savings are realized.

**3.90** As noted above, we found SNB has made good progress toward the development of a contract management plan that appears to require some tracking of savings. If government moves forward with an enterprise system with the ability to track and report on procurement spend and savings, as indicated by SNB, it may address many aspects of this recommendation.

**3.91** We reviewed a number of procurement files from 2013 to 2017 and although procurement-related savings were clearly identified when the purchase order was approved, we found no evidence within the file that SNB had validated the savings claimed at the end of the contract. While this could be documented outside the file, we saw no reports related to savings validation for non-centrally managed contract.

**3.92** While SNB has developed a contract management plan, it has not defined what constitutes a “*significant*” contract and we saw no evidence SNB regularly tracks and verifies savings in non-corporate contracts. SNB has only met the recommendation requirements for centrally-

managed contracts, we consider this recommendation not implemented.

**Recommendation 4.118**

**3.93** In our 2013 report, we recommended DGS:

- design criteria effective in determining when significant procurements should fall under the *Public Purchasing Act*, adhere to the criteria, and establish procedures to ensure this decision is supported and documented;
- design an effective review process to ensure that no single individual can complete the evaluation of a procurement project and award a purchase order; and
- enforce compliant procurement practices and ensure adequate file documentation is maintained to demonstrate compliance with the Act, regulations, and policy.

**3.94** In its 2017 response, SNB indicated this recommendation had been implemented, stating “*Definitions for goods and services are included in the regulation. Staff have been trained on contents of the Act and Regulation.*”

**3.95** Our review of the *Procurement Act* and regulation confirmed that goods and services have been defined in the Act. However, in our review of SNB policies and procedures, we did not see specific criteria designed to address when procurement should be completed under the *Procurement Act* instead of the *Crown Construction Contracts Act*. SNB provided no additional information related to this part of the recommendation.

**3.96** For the remaining requirements of the recommendation, we saw nothing in our review of current SNB files to contradict SNB claims. Adequate approval documentation appears to have been completed and there was no evidence of non-compliance with the *Procurement Act* and regulation.

**3.97** Our review found that SNB appeared to implement two of the three requirements of the recommendations. For this reason we consider this recommendation not implemented.

**Recommendation 4.163:  
best practice policies**

- 3.98** We further recommended DGS create best practice policies and procedural guidelines including but not limited to:
- enhancing the role of the procurement specialist to include the level of involvement in critical functions such as mandatory site visits and membership on Request for Proposal (RFP) evaluation committees;
  - improving records management practices to ensure consistency, completeness, and adequate decision support for vendor debriefing sessions, final contracts, and RFP bid evaluations to address issues such as:
    - missing and incomplete evaluation documents;
    - potential conflict of interest situations; and
  - enhancing continuous improvement processes to improve forward planning by including practices such as soliciting vendor and client department feedback, completing procurement summaries and vendor performance reports, and undertaking periodic file reviews.

**3.99** The 2017 response from SNB indicated most of the recommendation was complete, stating as follows:

*“Complete – RFP evaluation committee guidelines have been developed which includes the role of the Procurement Specialist.”*

*“Complete – Guidelines for staff regarding proper documentation for procurement files has been developed and implemented.”*

*“Complete – Strategic Procurement has implemented annual procurement planning with departments to review critical contract renewals, future procurement needs and savings opportunities. 2017/2018 planning exercise is complete.”*

*“Supplier Relationship Management framework will be developed including outreach and performance reporting.”*

**3.100** Our review of SNB procedural and policy

documentation included:

- an updated version of the RFP evaluation committee guideline that addressed most of the best practices we had identified;
- a recent contract management plan and associated documentation defining practices for procurement personnel that addressed file documentation, review, and other aspects of continuous improvement; and
- policy regarding vendor debriefing sessions.

**3.101** We also reviewed two recent files and found they were well organized and included examples of many of the best practices we were expecting in the original audit work. We did not, however, find examples of completed individual evaluations or vendor performance reports. While SNB has progressed toward meeting the requirements of this recommendation, at the time of our review we found it was not implemented.

## **Transportation and Infrastructure**

### **Long Term Infrastructure Sustainability Plan**

*Auditor General concerned with sustainability of infrastructure*

**3.102** In 2012, the Auditor General expressed concern with the sustainability of the Province's infrastructure. Following the findings of audits on deferred maintenance on highways (2012), and deferred maintenance in schools (2011 and 2005), the Auditor General noted the need for a comprehensive long-term infrastructure plan to ensure the sustainability and safety of all essential infrastructure, including highways, hospitals, schools and bridges, while respecting the fiscal challenges faced by the Province.

**3.103** We recommended the plan include the following key elements:

1. The rationalization of assets (i.e. if not considered essential, remove from service and dispose in an appropriate manner);
2. A long term approach to budgeting which includes life cycle maintenance of capital assets;
3. A protected stream of a base level of funding determined necessary to adequately maintain assets

- in service;
4. A 20-year planning horizon;
  5. A process whereby new assets are constructed only when there is a business case to support the need. This should include redirecting savings from rationalized assets to the new asset life cycle maintenance costs;
  6. Apply the current DTI strategy and asset management system to all essential assets. This would result in a corporate approach which applies the least cost lifecycle prioritization to all essential assets;
  7. Provide annual public performance reporting, which includes the actual physical condition of our essential assets versus pre-established targets, explaining the reason for any significant variances; and
  8. A process or mechanism that ensures fiscal discipline is adhered to over the long-term (such as legislative change, statutory funding, and contractual arrangements).

***Department's 2017 update***

**3.104** As part of its 2017 update, the Department responded the recommendation has not been implemented:

*“DTI has developed a Long Term Strategic Capital Planning Framework that includes the evidence-based tools to help determine and prioritize projects that would be included in a long term infrastructure plan. (...) DTI is currently reviewing legislation, policies, and practices in other jurisdictions to identify options to government that can provide an appropriate functional planning horizon and also respect the need to fulfill shifting government commitments and leveraging opportunities that may become available on short notice.”*

**3.105** Though the Department has not implemented the recommendation, we noted improvements in public reporting on the condition of infrastructure, such as percentage of poor roads and Bridge Condition Index, as included in its annual report.

***Long term approach to budgeting is needed for all assets***

**3.106** Included in its 2017 update, the Department indicated it is using an asset management model for roads, but it is not using the model for other assets and not incorporating full lifecycle costs in long term budget



plan with processes and mechanisms in place to help ensure fiscal discipline is adhered to over the long term.

***No rationalization of assets***

**3.107** The Department also indicated to us that it has developed a tool to be used to quantify the benefits and costs of divesting of redundant assets. The response states the tool supports recommendations to divest or decommission several redundant assets, but also states the tool will remain in testing phase. We are disappointed the Department is admitting to being aware of several redundant assets but have not taken action to rationalize or remove these assets from service.

**NB Power**

**Point Lepreau Generating Station Refurbishment – Phase I**

**3.108** The Point Lepreau Generating Station (PLGS) refurbishment was one of the largest capital projects undertaken by NB Power and the Province of New Brunswick. The refurbishment of the nuclear power plant took 37 months longer than anticipated and cost \$1 billion more than planned.

**3.109** Our examination was completed in two phases. This is the status of our recommendations related to Phase I. The status of recommendations in Phase II will be reported in 2018.

***Audit objectives***

**3.110** Our objectives for the Phase I work were:

1. *To describe key aspects of NB Power's planning and execution of the Point Lepreau refurbishment.*
2. *To present summary of amounts making up the \$1.4 billion capital asset account and the \$1.0 billion deferral account related to the refurbishment.*

***Audit findings***

**3.111** We reported on the decision-making process and project oversight for the PLGS refurbishment, and provided summarized financial information about project costs.

**3.112** We found shortfalls in the decision making process resulting in risks not being adequately mitigated or addressed.

**3.113** We reported costs associated with the PLGS refurbishment, as of November 2012, totaled \$2.4 billion. This amount exceeded planned costs of \$1.0 billion in capital and \$0.4 billion in deferred costs by a total of \$1.0 billion.

**3.114** Based upon our observations related to gaps in the decision making process for the refurbishment project, we made a recommendation for future major capital projects undertaken by NB Power that included six key components:

1. the decision-making process be clearly documented, including identifying the roles and responsibilities of key players (i.e. NB Power, the Province, external contractors, regulators such as the Energy and Utilities Board, etc.) before significant amounts are expended;
2. a planned decision-making timeline be developed and agreed upon by key players;
3. all feasible options be identified and fully investigated as early in the process as possible;
4. pre-decision spending be limited to that needed to adequately evaluate and mitigate risks associated with options under consideration prior to selecting a preferred option;
5. an independent, third-party expert be contracted to guide the process of selecting the best option, identifying and developing mitigation strategies for all significant risks, identifying a preferred proponent, and ensuring that the corporation gets the best possible outcome for provincial ratepayers; and
6. the process be transparent and the public made aware of the criteria to be used for decision making, progress towards making a decision and key reasons for the selection of a preferred alternative.

**NB Power's 2017 update** **3.115** NB Power provided a response in its 2017 update:

*“The New Brunswick Electricity Act, which was proclaimed on October 1, 2013, sets out new roles and responsibilities relative to planning and capital projects.*

*For example:*

- *section 100 stipulates that NB Power seek executive council approval of its long-term integrated resource plan*
- *section 101 stipulates that NB Power shall provide annually to the Energy & Utilities Board (EUB) a copy of its 10-year strategic, financial and capital investment plan*
- *section 107 sets out the parameters around the EUB's oversight of capital projects including a stipulation that if the total projected capital cost is \$50 million or more, the Corporation shall not in excess of an amount equal to 10% of the total projected capital cost of the capital project before the capital project has been approved by the EUB*

*In 2014, NB Power's Board of Directors established a Capital Investment & Planning Committee with the mandate to assist the board in establishing and maintaining appropriate board policies that guide the company in respect to investment management decisions. This committee meets quarterly and also provides updates to the Board of Directors on a quarterly basis.*

*NB Power is now using project management methodology for its capital project activities and has established various process documents, including:*

- *Capital Programs and Project Management Strategy document, which establishes standardized project phases and approval gates for NB Power Initiatives.*
- *Capital Programs and Projects Governance Strategy document, which describes the organizations, relationships, roles and project alignment required to assure project governance and oversight of NB Power's capital portfolio.*
- *Executive Oversight Committee Terms of Reference Guideline document, which sets out the role of the Executive Oversight Committee to participate in strategic project issues, approve major milestone payments, authorize contingency funds, review /assist with migration of key project risks and to support CEO / Executive in keeping the Board of Directors informed on project progress.*

*For the Mactaquac Options Project:*

- *NB Power activity is consistent with the requirements of the New Brunswick Electricity Act.*
- *NB Power's Board of Director's Capital Investment and Planning Committee provided governance and oversight*
- *NB Power's project management methodology was used and regular project reporting was provided to the Executive and Board of Directors*
- *NB Power has engaged third-party oversight of the activities, which is ongoing*
- *NB Power undertook a comprehensive public and First Nations engagement and consultation program*
- *NB Power made the process, criteria, and key reasons for the decision public in a backgrounder document."*

***All 6 components of our recommendation have been implemented***

**3.116** Based upon our review of NB Power's project documentation and project plans related to the Mactaquac Dam project, we have concluded that all six components of our recommendation have been implemented.

**3.117** We reviewed project planning documents for the Mactaquac Dam project and were pleased to see the degree of public reporting on the progress being made on the project, including information and reports on the decision making process as well as the business, technical, environmental and social considerations.

**3.118** We also noted, in accordance with the recommendation, a third party expert was used to inform decisions, providing greater assurance to decision makers and the board that the selection of the preferred option was done in a reasonable fashion, is consistent with generally accepted utility practices and was based on reasonable and reliable data.

## Finance

### Collection of Accounts Receivable

**3.119** In an effort to improve its finances, the Province created a plan for the most effective and efficient method of maximizing the collection of amounts owing to the Province of New Brunswick, as well as proposed changes to legislation, regulation and policy required to implement the plan.<sup>5</sup>

**3.120** In 2013, the Province was transitioning to a centralized collection model for accounts receivable, valued at over \$2 billion at the time. Collection efforts needed to be a priority to ensure all money owed to government was collected.

#### *Objective*

**3.121** The objective for this work was:

*To review and comment on provincial policies and initiatives for the collection of accounts receivable.*

#### *Findings*

**3.122** We found, in general, the Province is working to improve collections. However, during the conduct of our work, we noted:

- Accounts receivable continue to grow;
- Collection activities vary by department; and
- All debtors are not treated equally.

**3.123** Our review resulted in nine recommendations:

- Two recommendations to multiple departments;
- Two recommendations to the Department of Post-Secondary Education Training and Labour;
- Two recommendations to the Department of Finance; and
- One recommendation to each of the following:
  - Opportunities NB (formerly Economic Development);
  - Agriculture, Aquaculture and Fisheries;

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<sup>5</sup> Collection of Receivables – Government Renewal Project #11

- Aboriginal Affairs Secretariat; and
- Education and Early Childhood Development.

***Only two of our nine recommendations have been implemented***

**3.124** In total, only two of our recommendations have been implemented. However, given a number of recommendations went to multiple departments with varying implementation rates, we discuss the status of the recommendations in more detail below.

***Creation of Centralized Collection Unit affected implementation***

**3.125** A number of departments indicated that they had not implemented various recommendations pending the creation of the “Centralized Collection Unit.” In 2011, the Office of the Comptroller led an analysis of the collection of receivables in government, and recommended a single entity (“Centralized Collection Unit”) be assigned governance and operational responsibility for the collection of accounts receivable.

**3.126** This unit has not been formed at the time that this report was prepared. According to staff at Service New Brunswick, they have a five year plan to set up an ERP<sup>6</sup> system, and it is currently at the Request for Proposal stage.

**3.127** We have been further advised by SNB “*the Collection Services Unit of Service New Brunswick was downsized during the 2015-16 fiscal [year]. Consequently, SNB offers collection services to only one client, the Department of Finance for property tax collection.*”

***Recommendation 5.49: Limitation of Actions Act – Standstill provision extended to 2021***

**3.128** In our 2013 report, we recommended departments identify those accounts at risk of becoming statute-barred and implement collection procedures in order to maximize their collection prior to the expiry of the May 2016 standstill provision. The *Limitations of Actions Act* was amended and the deadline has been extended to July 2021.

**3.129** This recommendation was made to eight departments, including:

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<sup>6</sup> ERP stands for “Enterprise Resource Planning”

- Post-Secondary Education, Training and Labour (PETL);
- Finance (FIN);
- Justice and Public Safety (JPS) (formerly Department of Justice and Department of Public Safety);
- Opportunities NB (ONB) (formerly Economic Development);
- Social Development (SD);
- Education and Early Childhood Development (EECD);
- Agriculture, Aquaculture and Fisheries (AAF); and
- Aboriginal Affairs Secretariat (AAS).

**3.130** We were pleased to note many departments undertook steps to comply with this recommendation despite the extended deadline. We found that four of eight departments had implemented this recommendation (JPS, ONB, SD and AAS). The recommendation has yet to be implemented by PETL, FIN, AAF and EECD.

***Recommendation 5.61:  
Sharing of Debtor  
Contact Information***

**3.131** In our 2013 report, we recommended departments share debtor contact information, where legislation permits (for example, the *Family Income Security Act* or *Right to Information and Protection of Privacy Act*), for the purpose of collecting accounts receivable.

**3.132** This recommendation was made to eight departments (refer to par. 3.129). Our work found that five departments (PETL, FIN, JPS, ONB, and AAS) have implemented this recommendation. Two departments (SD and AAF) have indicated they do not have legal authority to share the information, while the recommendation is not applicable to EECD as their debtors are predominantly First Nation communities and the Federal Government.

***Recommendations to  
PETL have not been  
implemented***

**3.133** We recommended the Department of Post-Secondary Education Training and Labour continue to develop, in conjunction with the central collection unit, a collection strategy for the Return to Government portfolio including establishing collection targets and active monitoring of targets.

**3.134** The Department's 2017 response indicated the recommendation was in progress:

*“The Portfolio Debt Management group is in the process of moving to a centralized collections unit under the direction of Service New Brunswick. The Department of Post-Secondary Education, Training and Labour will continue to work closely with this group in support of their collection strategies to maximize collection efforts.”*

**3.135** Our review indicated that they had implemented a process to recover accounts by sharing information with the Department of Finance for a period of time. However, that process was put on hold pending the implementation of the centralized collection unit.

**3.136** We also recommended the Department of Post-Secondary Education, Training and Labour register employment program overpayments with the Canada Revenue Agency Refund Set-off Program.

**3.137** The Department's response was:

*“The Department of Post-Secondary Education, Training and Labour recently submitted an application to participate in the Canada Revenue Agency Refund Set-off Program to enable the registration of employment program overpayments. At this time, the Canada Revenue Agency is in the process of reviewing the application.”*

**3.138** Department staff interviewed indicated that previous applications to the Canada Revenue Agency to register for the set-off program had not been accepted by the agency.

***Recommendation to AAF  
has not been  
implemented***

**3.139** We recommended a matching process be undertaken to identify provincial employees with past due accounts for veterinary services or with any other amounts in arrears. Payment arrangements should be established or payroll set-off applied. In the future, departments should collect a “unique identifier” from individuals in order to facilitate recovery (through matching) should default occur.

**3.140** The Department of Agriculture, Aquaculture and Fisheries responded that the implementation of this recommendation was in progress:

*“With the recent implementation of the common*



*administration of AAF and ERD, the department will be reviewing its current collection procedures. Our review will include a discussion on employee accounts and what we can do to identify employees.*

*The establishment of a centralized collection unit and an integrated system should facilitate the sharing and tracking of information including the identification of employees with past due accounts. Pending the implementation of these systems, the department will manually review the list in an attempt to identify employees with past due accounts.*

*The department supports the establishment of the centralized collection unit to facilitate the sharing of information and the implementation of an ERP system. We understand that it is still the intention of government to move all collection of receivables to the Centralized Collection unit.”*

**3.141** We found that the Department had created some manual procedures to check for employees, but as noted in their response, is waiting for the creation of the centralized collection unit to fully implement this recommendation

***Two recommendations to Finance have not been implemented***

**3.142** We recommended the Department of Finance complete its work to routinely register overdue property tax receivable accounts with the Canada Revenue Agency Refund Set-off Program.

**3.143** The Department indicated this recommendation has not been implemented:

*“In accordance with legislation, Service New Brunswick is managing the collection of property tax receivables on behalf of the Department of Finance. The centralized collection unit is prioritizing the registration of overdue property tax accounts with CRA.”*

**3.144** We also recommended the Department of Finance establish collection guidelines to ensure equitable treatment of debtors.

**3.145** The Department responded that this recommendation has not been fully implemented:

*“Centralized collections are working on several initiatives that will ensure equitable treatment of*

debtors. There is a 3 year phase in plan for all departmental accounts receivable to be managed by centralized collections. The goal is for debts to be subject to similar treatment in terms of # of days outstanding before CRA set off etc. Formalized guidelines can be more practically established by SNB once all accounts receivable are centralized and a review of relevant programs, legislation and policies has been completed.”

**3.146** Exhibit 3.4 provides a full listing of our 2013 performance audit recommendations that have still not been implemented.

Exhibit 3.4 - Summary Status of 2013 Performance Audit Recommendations Not Implemented

Department/ Commissions/ Agency	Chapter Name	Year	Volume	Chapter	Paragraph	Recommendation	Status
Service New Brunswick (formerly Government Services)	Procurement of Goods and Services - Phase I	2013	2	4	71	We recommend the DGS require the use of the NBON system by client departments or implement a mechanism to accurately capture contract of supply draw down information and changes to purchase orders.	Not implemented
			2	4	72	We recommend the DGS establish a plan to undertake periodic reviews of significant contracts to ensure all of the benefits such as discounted pricing of the contract are received by government entities and vendors meet their contracted obligations.	Not implemented
			2	4	85	We recommend the DGS develop an exemption approval policy that balances procurement risk and value against timeframe considerations to better meet client department and DGS approval requirements.	Not implemented
			2	4	118	We recommend the DGS: <ul style="list-style-type: none"> <li>• design criteria effective in determining when significant procurements should fall under the <i>Public Purchasing Act</i>, adhere to the criteria, and establish procedures to ensure this decision is supported and documented;</li> <li>• design an effective review process to ensure that no single individual can complete the evaluation of a procurement project and award a purchase order; and</li> <li>• enforce compliant procurement practices and ensure adequate file documentation is maintained to demonstrate compliance with the Act, regulations, and policy.</li> </ul>	Not implemented

Exhibit 3.4 - Summary Status of 2013 Performance Audit Recommendations Not Implemented  
(continued)

Department/ Commissions/ Agency	Chapter Name	Year	Volume	Chapter	Paragraph	Recommendation	Status
Service New Brunswick (formerly Government Services)	Procurement of Goods and Services - Phase I	2013	2	4	163	We recommend the DGS create best practice policies and procedural guidelines including but not limited to: <ul style="list-style-type: none"> <li>enhancing the role of the procurement specialist to include the level of involvement in critical functions such as mandatory site visits and membership on Request for Proposal (RFP) evaluation committees;</li> <li>improving records management practices to ensure consistency, completeness, and adequate decision support for vendor debriefing sessions, final contracts, and RFP bid evaluations to address issues such as: <ul style="list-style-type: none"> <li>missing and incomplete evaluation documents;</li> <li>potential conflict of interest situations; and</li> </ul> </li> <li>enhancing continuous improvement processes to improve forward planning by including practices such as soliciting vendor and client department feedback, completing procurement summaries and vendor performance reports, and undertaking periodic file reviews.</li> </ul>	Not Implemented
			2	4	171	We recommend the DGS publicly report on the goals, objectives, performance targets and actual results achieved by the Strategic Procurement business unit with explanations for any variances between actual results and targets.	Not Implemented
Social Development	Foster Homes	2013	2	2	57	We recommend the Department of Social Development establish standards for contracting with foster families.	Not Implemented
			2	2	72	We recommend the Department of Social Development comply with its documented foster home standards for providing a safe and secure environment for children who have to be separated from their families	Not Implemented
			2	2	124	We recommend the Department of Social Development take steps to increase the awareness of costs available for reimbursement to foster families.	Not Implemented
			2	2	129	We recommend the Department of Social Development reconcile its foster family information (statistics, data, names) with each of the regions on a regular basis to ensure information used by central office for program planning is complete and accurate.	Not Implemented
			2	2	134	We recommend the Department of Social Development publicly report on the effectiveness of its Children's Residential Services program. Such performance information should be included in the Department's annual report and on its website.	Not Implemented

Exhibit 3.4 - Summary Status of 2013 Performance Audit Recommendations Not Implemented  
(continued)

Department/ Commissions/ Agency	Chapter Name	Year	Volume	Chapter	Paragraph	Recommendation	Status
Transportation and Infrastructure	Provincial Bridges	2013	2	3	62	We recommend the Department follow the Ontario Structures Inspection Manual guidelines for reporting bridge component deterioration and record the quantitative information such as the width and extent of cracks in the inspection reports. The recording of actual quantities of the defects leads to a better estimation of rehabilitation needs.	Not Implemented
			2	3	69	We recommend the Department add a severity rating component to their material rating process similar to the Ontario Structures Inspection Manual. Standardized material ratings should be used.	Not Implemented
			2	3	75	We recommend the Department standardize the use of priority codes within the inspection reporting process.	Not Implemented
			2	3	88	We recommend the Department establish guidelines for bridge repair and replacement project selection and document the rationale for the projects selected.	Not Implemented
			2	3	104	We recommend the Department clearly define the least life cycle cost for a bridge and adopt this approach in prioritizing all capital bridge work, as stated in the Department's Bridges and Culverts Asset Management Plan.	Not Implemented
			2	3	136	The Department should develop and implement a long term plan to address current and expected future funding shortfalls in ordinary and capital bridge maintenance. This plan should be communicated annually during the capital budget process in order to appropriately inform senior officials and Cabinet Ministers.	Not Implemented

Exhibit 3.4 - Summary Status of 2013 Performance Audit Recommendations Not Implemented  
(continued)

Department/ Commissions / Agency	Chapter Name	Year	Volume	Chapter	Paragraph	Recommendation	Status
Various	Collection of Accounts Receivable	2013	2	5	49	We recommend departments identify those accounts at risk of becoming statute-barred and implement collection procedures in order to maximize their collection prior to the expiry of the May 2016 standstill provision.	Not Implemented
			2	5	61	We recommend departments share debtor contact information, where legislation permits (for example, the <i>Family Income Security Act</i> or <i>Right to Information and Protection of Privacy Act</i> ), for the purpose of collecting accounts receivable	Not Implemented
			2	5	77	Given the recent rapid growth in the student loans Return to Government portfolio and the limited resources of the Portfolio Debt Management group, we recommend the Department of Post-Secondary Education Training and Labour continue to develop, in conjunction with the central collection unit, a collection strategy for the Return to Government portfolio including establishing collection targets and active monitoring of targets.	Not Implemented
			2	5	81	We recommend the Department of Post-Secondary Education, Training and Labour register employment program overpayments with the Canada Revenue Agency Refund Set-off Program.	Not Implemented
			2	5	99	We recommend a matching process be undertaken to identify provincial employees with past due accounts for veterinary services or with any other amounts in arrears. Payment arrangements should be established or payroll set-off applied. In the future, departments should collect a "unique identifier" from individuals in order to facilitate recovery (through matching) should default occur.	Not Implemented
			2	5	105	We recommend the Department of Finance complete its work to routinely register overdue property tax receivable accounts with the Canada Revenue Agency Refund Set-off Program.	Not Implemented
			2	5	129	We recommend the Department of Finance establish collection guidelines to ensure equitable treatment of debtors.	Not Implemented

## General Comments on the Implementation of our Recommendations

**3.147** As noted earlier, we encourage the Public Accounts and Crown Corporations Committees to use this chapter to hold government departments and Crown agencies accountable for implementing our performance audit recommendations. Exhibit 3.5 reports government's progress, in implementing our performance audit recommendations since 1999.

Exhibit 3.5 - Implementation of Performance Audit Recommendations

Year	Number of Recommendations	Recommendations Implemented Within		
		Two years	Three years	Four years
1999	99	35%	42%	42%
2000	90	26%	41%	49%
2001	187	53%	64%	72%
2002	147	39%	58%	63%
2003	124	31%	36%	42%
2004	110	31%	38%	49%
2005	89	27%	38%	49%
2006	65	22%	38%	N/A <sup>1</sup>
2007	47	19%	N/A <sup>1</sup>	45% <sup>2</sup>
2008	48	N/A <sup>1</sup>	60% <sup>2</sup>	57% <sup>4</sup>
2009	49	73% <sup>2</sup>	73% <sup>3</sup>	74% <sup>4</sup>
2010	44	64% <sup>3</sup>	70% <sup>3</sup>	62% <sup>4</sup>
2011	24	71% <sup>3</sup>	79% <sup>3</sup>	63% <sup>4</sup>
2012	32	69% <sup>3</sup>	81% <sup>3</sup>	61% <sup>4</sup>
2013	44	65% <sup>3</sup>	61% <sup>3</sup>	43% <sup>4</sup>
2014	17	71% <sup>3</sup>	94% <sup>3</sup>	-
2015	95	44% <sup>3</sup>	-	-

<sup>1</sup> N/A as no follow-up performed in 2010  
<sup>2</sup> As self-reported by departments, commissions and agencies with confirmation by our Office in the Department of Justice and Consumer Affairs.  
<sup>3</sup> As self-reported by departments, commissions and agencies.  
<sup>4</sup> As self-reported by departments, commissions and agencies and reviewed for accuracy by our Office.

*We are not satisfied with the implementation rate of our recommendations*

**3.148** Implementation of our recommendations from 2013 to 2015 ranges from 43% to 94%. We are not satisfied with this wide range rate of implementation.

**3.149** We are committed to continuing to work with departments, commissions and Crown agencies to develop

sound, practical recommendations in all our performance audit reports. Also, we will continue to use our follow-up process as a means of providing encouragement and support for departments, commissions and Crown agencies to fully implement, on a timely basis, as many of our performance audit recommendations as possible.

***Inconsistent reporting by departments in annual reports***

**3.150** Departments are required to report the status of our recommendations in their annual report. We have noted that Crown Agencies are not required to do the same.

**3.151** We have also noted a difference in the status of our recommendations as reported by Departments in their annual reports and the status reported to us as part of our annual follow-up process. In some cases, departments report recommendations as not implemented to us, but report the same recommendation as “Adopted” in their annual report. In our opinion, the term “Adopted” could simply imply agreement and not implementation; we noted as least one department who indicated a recommendation was adopted when it was clearly not implemented. We encourage departments to be more transparent and consistent in reporting the status of our recommendations.

# Appendix A

## Summary of Significant Projects Conducted in Departments and Crown Agencies over the Past Ten Years

The following is a list of value-for-money projects reported in a separate chapter of our annual Reports over the last ten years, organized by department and agency. The year of reporting is in brackets following the subject of the projects. The list is organized using the current name of the department or agency, even though in some cases the project was conducted prior to government reorganization.

### **Department of Agriculture, Aquaculture and Fisheries**

#### **Agricultural Fair Associations (2016)**

This chapter examines whether there is adequate government oversight of New Brunswick Agricultural Associations.

### **Department of Education and Early Childhood Development**

#### **School District Purchase Cards (2017)**

This chapter examines the use of purchase cards by school districts after we identified risks associated with the use of purchase cards through our financial audit work, which highlighted numerous control weaknesses in the purchase card procedures.

#### **Provincial Testing of Students – Anglophone Sector (2009)**

This chapter assesses the Department's strategic direction for its provincial testing of students in the Anglophone sector. It also assesses the Department's process of administering its provincial testing of students in the Anglophone sector.

### **Department of Environment and Local Government**

#### **Climate Change (2017)**

In April 2016 all Auditors General across Canada agreed to undertake work on their provinces' and territories' climate change initiatives. This work will then be summarized in a report to the Parliament in early 2018. The overall objective of this initiative was to work together to determine the extent to which federal, provincial and territorial governments in Canada are meeting commitments to reduce greenhouse gas (GHG) emissions and to adapt to climate change.



### **Solid Waste Commissions (2012)**

This chapter examines the governance, accountability and financial management of the twelve provincial solid waste commissions. It also addresses the Province's involvement in reducing the impacts of solid waste on the environment.

### **Wastewater Commissions (2011)**

This chapter examines the governance, accountability and financial practices of the three largest wastewater commissions: the Greater Moncton Sewerage Commission, the Greater Shediac Sewerage Commission and the Fredericton Area Pollution Control Commission. The report addresses concerns with respect to board governance, accountability and questionable financial practices of the Greater Moncton Sewerage Commission.

### **Environmental Trust Fund (2009)**

This chapter examines whether the purpose of the Environmental Trust Fund is clearly established, and whether the Fund is measuring and reporting the achievement of its goals and objectives. It also examines whether the Fund is operating as intended with respect to grants.

### **Environmental Impact Assessment (2008)**

This chapter examines whether the Department is carrying out its key roles and responsibilities under the NB Environmental Impact Assessment (EIA) Regulation and related Departmental guidelines with due regard for economy, efficiency and effectiveness. It also identifies key risks associated with the provincial EIA process and determines the extent to which those risks are being managed.

## **Executive Council Office**

### **Constituency Office Costs for Members of the Legislative Assembly and Executive Council (2011)**

This chapter reports observations, findings and recommendations regarding Members' constituency office costs with respect to the authority and management by both the Office of the Clerk of the Legislative Assembly and departments. It identifies positive features, as well as issues that need improvement to ensure proper stewardship and accountability.

## **Department of Finance**

### **Agricultural Fair Associations (2016)**

This chapter examines whether there is adequate government oversight of New Brunswick Agricultural Associations.

### **Atlantic Lottery Corporation (2016)**

This volume examines whether Atlantic Lottery Corporation('s):

- governance structures and processes create a framework for effective governance and are working well;
- executive and employee compensation and benefits are appropriately managed;
- travel, hospitality, and board expenses are managed in a transparent manner that promotes the appropriate use of shareholder money;
- significant contracts are monitored to ensure services are received, and payments made, in accordance with contract terms;
- significant contracts are effective in meeting its objectives and achieving enterprise value; and
- procures required services in an efficient and economical manner.

### **Collection of Accounts Receivable (2013)**

This chapter provides information on provincial policies and initiatives currently underway to improve the collection of accounts receivable, and our comments relating to those policies and initiatives.

## **Department of Government Services**

### **Procurement of Goods and Services – Phase 1 (2013)**

This chapter examines whether public purchasing practices used by the Department comply with key components of the regulatory framework and best practices, and if it publicly reports on the effectiveness of the procurement function.

## **Department of Health**

### **Meat Safety – Food Premises Program (2016)**

This chapter determines if the Department of Health monitors and enforces compliance with the legislation, regulations and policies in place to ensure the safety of meat for public consumption.

### **Nursing Homes (2016)**

This chapter provides information on the current status of nursing homes. It looks at the current situation in the province concerning nursing homes and the capacity within the system to meet the growing demand for services.

### **Infection Prevention and Control in Hospitals (2015)**

This chapter determines if the Department of Health and the Regional Health Authorities have an infection prevention and control program to protect people from hospital-acquired infections.

### **Medicare - Payments to Doctors (2012)**

This chapter examines whether the Department of Health is maximizing its recovery of incorrect Medicare payments to doctors, through the practitioner audit function. It also highlights unusual items that warrant further investigation by the Department.

### **EHealth – Procurement and Conflict of Interest (2012)**

This chapter examines the government procurement policy for purchases of services related to the E-Health initiative. It also examines whether a conflict of interest exists in the use of consultants.

## **Department of Justice and Public Safety**

### **Public Trustee Services (2016)**

This chapter examines whether the Public Trustee properly safeguards and administers client assets held in trust, whether the Public Trustee's processes for making care decisions on behalf of its clients are in accordance with legislation and policies, and whether the Public Trustee publicly reports on the performance of its services.

### **Agricultural Fair Associations (2016)**

This chapter examines whether there is adequate government oversight of New Brunswick Agricultural Associations.

### **Superintendent of Credit Unions (2008)**

This chapter examines whether the Superintendent of Credit Unions is fulfilling his duties and responsibilities to oversee the financial stability and solvency of credit unions and caisses populaires for the protection of New Brunswick depositors.

## **Legislative Assembly**

### **Constituency Office Costs for Members of the Legislative Assembly and Executive Council (2011)**

This chapter reports observations, findings and recommendations regarding Members' constituency office costs with respect to the authority and management by both the Office of the Clerk of the Legislative Assembly and departments. It identifies positive features, as well as issues that need improvement to ensure proper stewardship and accountability.

## **Department of Energy and Resource Development**

### **Silviculture (2015)**

This chapter determines whether the Department is meeting its responsibilities to enhance the quality and quantity of future timber supply through silviculture and acquires silviculture services with due regard for economy and efficiency.

### **Private Wood Supply (2015)**

This chapter determines whether the Department is meeting its responsibilities respecting timber supply from private woodlots and if the New Brunswick Forest Products Commission provides adequate oversight of Forest Products Marketing Boards.

### **Timber Royalties (2008)**

This chapter describes timber royalties and the processes and requirements surrounding them. It also examines whether the Department is complying with its legislated requirements.

## **Department of Post-Secondary Education, Training and Labour**

### **Immigration with the Provincial Nominee Program (2010)**

This chapter examines whether the Population Growth Secretariat has identified and documented significant planning measures for New Brunswick's Provincial Nominee Program. It also examines whether the Secretariat has adequate processes and controls for delivering the Provincial Nominee Program in New Brunswick, and if it supports the program in achieving its objective "to increase the economic benefits of immigration to New Brunswick." Finally, it examines whether the Secretariat measures performance for the Provincial Nominee Program and if it publicly reports the program's performance.

### **Adult Literacy Services (2008)**

This chapter examines the Department's strategic direction, control procedures, and performance measurement and reporting for its adult literacy support.

## **Department of Social Development**

### **Advisory Services Contract (2017)**

This chapter evaluated the effectiveness of specific Department of Social Development contract management practices in procuring, administering, and measuring results of a significant consulting contract for advisory services.

### **Nursing Homes (2016)**

This chapter provides information on the current status of nursing homes. It looks at the current situation in the province concerning nursing homes and the capacity within the system to meet the growing demand for services.

### **Foster Homes (2013)**

This chapter examines whether the Department complies with its documented foster home standards, and if it publicly reports on the effectiveness of its Children's Residential Services program.

### **CMHC Social Housing Agreement (2011)**

This chapter examines the future of the financial impact to the Province due to the decline of funding under the CMHC Social Housing Agreement; and assesses whether the Department managed and administered the programs in accordance with four key agreement requirements.

### **Review of Nursing Home Contract with Shannex Inc. (2009)**

This chapter examines various questions surrounding the contract with Shannex Inc. to supply nursing home beds.

## **Department of Tourism, Heritage and Culture**

### **New Brunswick Art Bank (2010)**

Our objective for this project was to ensure that all art works acquired for the provincial Art Bank can be accounted for and are being adequately protected, maintained and conserved.

## **Department of Transportation and Infrastructure**

### **Provincial Bridges (2013)**

This chapter examines whether the Department performs bridge inspections in accordance with accepted professional standards and used the inspection results to identify and prioritize necessary capital maintenance and other remedial measures. The chapter also examines whether the Department maintains the service level of its bridge inventory based on a long term least life cycle cost approach, and whether it publicly reports on the condition of designated Provincial bridges and the effectiveness of its bridge inspection activities.

### **Premixed Asphalt Procurement (2013)**

This chapter discusses our planned project to determine if the Department's exempt purchases of pre-mixed asphalt are being made with due regard of economy and transparency, and the reasons why we chose to temporarily defer this project.

### **Capital Maintenance of Highways (2012)**

This chapter examines whether capital road repairs, identified as necessary by the Department, are made on a timely basis.

### **Public-Private Partnership: Eleanor W. Graham Middle School and Moncton North School (2011)**

This chapter examines the process for identifying the two school project as potential P3 agreements and evaluates the value for money assessment on which the Department's decision to recommend the P3 approach for the two school project was based.

### **Review of Nursing Home Contract with Shannex Inc. (2009)**

This chapter examines various questions surrounding the contract with Shannex Inc. to supply nursing home beds.

## **Government-wide projects**

### **Office of the Chief Information Officer**

#### **Data Centre Power Interruption (2014)**

This chapter examines the events and circumstances surrounding the data centre outage of June 9, 2014. It reports findings on the impact to government operations and the level of emergency preparedness of IT operations. It provides recommendations on improvements to business continuity and disaster recovery planning as well as defining roles and responsibilities of those involved in providing IT services.

### **Review of Departmental Annual Reports (2008)**

Our primary objective for this project was to determine the degree to which departmental annual reports and our government's reporting on performance could be improved by applying state-of-the-art principles. Our secondary objective was to determine what enhancements might be recommended for the Province's annual report policy.

## **Crown Agency and Crown Corporation Projects**

### **New Brunswick Lotteries and Gaming Corporation**

#### **Atlantic Lottery Corporation (2016)**

This volume examines whether Atlantic Lottery Corporation's:

- governance structures and processes create a framework for effective governance and are working well;
- executive and employee compensation and benefits are appropriately managed;
- travel, hospitality, and board expenses are managed in a transparent manner that promotes the appropriate use of shareholder money;
- significant contracts are monitored to ensure services are received, and payments made, in accordance with contract terms;
- significant contracts are effective in meeting its objectives and achieving enterprise value; and
- services are procured in an efficient and economical manner.

### **Legal Aid Services Commission**

#### **Public Trustee Services (2016)**

This chapter examines whether the Public Trustee properly safeguards and administers client assets held in trust, whether the Public Trustee's processes for making care decisions on behalf of its clients are in accordance with legislation and policies, and whether the Public Trustee publicly reports on the performance of its services.

### **Service New Brunswick**

#### **Residential Property Assessment – Special Examination (2017)**

This chapter examines the circumstances related to inaccuracies and errors in Service New Brunswick's (SNB) calculation of real property assessment values for the taxation years 2011 through 2017.

#### **Agricultural Fair Associations (2016)**

This chapter examines whether there is adequate government oversight of New Brunswick Agricultural Associations.

## **Service New Brunswick (formerly New Brunswick Internal Services Agency)**

### **Data Centre Power Interruption (2014)**

This chapter examines the events and circumstances surrounding the data centre outage of June 9, 2014. It reports findings on the impact to government operations and the level of emergency preparedness of IT operations. It provides recommendations on improvements to business continuity and disaster recovery planning as well as defining roles and responsibilities of those involved in providing IT services.

## **New Brunswick Investment Management Corporation**

### **Investment Performance and Cost Analysis (2008)**

This chapter looks at some indicators of the New Brunswick Investment Management Corporation's investment performance, and provides an analysis of the costs of the organization.

## **New Brunswick Liquor Corporation**

### **Agency stores (2010)**

This chapter examines whether the New Brunswick Liquor Corporation has appropriate control procedures for its agency store program.

## **NB Power**

### **Climate Change (2017)**

In April 2016 all Auditors General across Canada agreed to undertake work on their provinces' and territories' climate change initiatives. This work will then be summarized in a report to the Parliament in early 2018. The overall objective of this initiative was to work together to determine the extent to which federal, provincial and territorial governments in Canada are meeting commitments to reduce greenhouse gas (GHG) emissions and to adapt to climate change.

### **Point Lepreau Generating Station Refurbishment – Phase II (2014)**

This chapter assesses the reasonableness of key project costs of the Point Lepreau Generating Station Refurbishment Project.

### **Point Lepreau Generating Station Refurbishment – Phase I (2013)**

This chapter describes key aspects of NB Power's planning and execution of the Point Lepreau refurbishment, and presents summaries of amounts making up the \$1.4 billion asset account and the \$1.0 billion deferral account related to the refurbishment.

## **Opportunities NB**

### **Financial Assistance to Atcon: Unanswered Questions (2017)**

This chapter examines questions on the use of the funds received by Atcon and whether anyone benefited inappropriately from this money during the short timeframe between granting the company financial assistance and the placement of Atcon into receivership.

**Financial Assistance to Atcon Holdings Inc. and Industry (2015)**

This chapter assesses whether the government exercised due diligence in granting financial assistance to the Atcon group of companies and determines if provincial government organizations coordinate the provision of assistance to industry to limit provincial exposure. It also determines whether the Department has implemented recommendations made in previous performance audits of assistance it provides to industry as well as the effectiveness of the Department's public reporting of the financial assistance it provides.

**Financial Assistance to Industry (2010)**

This chapter assesses whether the Department has adequate procedures in place to measure and report on the effectiveness of the financial assistance it provides to industry.

**New Brunswick Innovation Foundation (2009)**

This chapter examines whether governance structures and practices established by the Department in connection with the delivery of innovation funding through the New Brunswick Innovation Foundation ensure accountability and protection of the public interest.

**Regional Health Authorities – Horizon and Vitalité Health Networks**

**Infection Prevention and Control in Hospitals (2015)**

This chapter determines if the Department of Health and the Regional Health Authorities have an infection prevention and control program to protect people from hospital-acquired infections.



**Appendix B**  
**Detailed Status Report of**  
**Recommendations**  
**Since 2013**

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Long Term Infrastructure Sustainability Plan	Transportation and Infrastructure	2013	2	1	1	<p>We recommend the Department of Transportation and Infrastructure develop and implement a comprehensive long-term infrastructure plan that will ensure the sustainability and safety of highways, hospitals, schools, bridges, and other essential provincial infrastructure while respecting the fiscal challenges faced by the Province.</p> <p>Key elements of the plan should include:</p> <ol style="list-style-type: none"> <li>1. the rationalization of assets (i.e. if not considered essential, remove from service and dispose in an appropriate manner);</li> <li>2. a long term approach to budgeting which includes life cycle maintenance of capital assets;</li> <li>3. a protected stream of a base level of funding determined necessary to adequately maintain assets in service;</li> <li>4. a 20 year planning horizon;</li> <li>5. a process whereby new assets are constructed only when there is a business case to support the need. This should include redirecting savings from rationalized assets to the new asset life cycle maintenance costs;</li> <li>6. apply the current DTI strategy and asset management system to all essential assets. This would result in a corporate approach which applies the least cost lifecycle prioritization to all essential assets;</li> <li>7. provide annual public performance reporting, which includes the actual physical condition of our essential assets versus pre-established targets, explaining the reason for any significant variances; and</li> <li>8. a process or mechanism that ensures fiscal discipline is adhered to over the long-term (such as legislative change, statutory funding, contractual arrangements).</li> </ol>	Not implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Foster Homes	Social Development	2013	2	2	57	We recommend the Department of Social Development establish standards for contracting with foster families.	Not Implemented
Foster Homes	Social Development	2013	2	2	58	We recommend the Department of Social Development amend its standards to provide comprehensive and consistent direction for approving and monitoring provisional (foster) homes.	Implemented
Foster Homes	Social Development	2013	2	2	72	We recommend the Department of Social Development comply with its documented foster home standards for providing a safe and secure environment for children who have to be separated from their families.	Implemented
Foster Homes	Social Development	2013	2	2	86	We recommend the Department of Social Development implement regular monitoring procedures for both regional and central office to ensure compliance with its standards. The procedures could include, but not necessarily be limited to, the following: <ul style="list-style-type: none"> <li>• a periodic review of a sample of files to determine compliance with standards; and</li> <li>• a regular review of “expired approval dates” recorded in the electronic information system, with follow-up to ensure the foster family’s annual review is completed on time.</li> </ul>	Implemented
Foster Homes	Social Development	2013	2	2	107	We recommend the Department of Social Development develop a long-term strategy to ensure sufficient appropriate foster homes are available to meet regional needs and to help meet, “ <i>The Children’s Residential Services program primary goal ... to ensure consistent, high quality residential services to children who are in the temporary or permanent care of the Minister.</i> ”	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Foster Homes	Social Development	2013	2	2	122	We recommend the Department of Social Development review all rates and funding relating to foster homes and propose changes to Government as appropriate to eliminate any disincentive to current or prospective foster parents. This should be completed within twelve months of the release of our report.	Implemented
Foster Homes	Social Development	2013	2	2	123	We recommend the Department of Social Development review rates and funding relating to foster homes on a regular and ongoing basis.	Implemented
Foster Homes	Social Development	2013	2	2	124	We recommend the Department of Social Development take steps to increase the awareness of costs available for reimbursement to foster families.	Not Implemented
Foster Homes	Social Development	2013	2	2	125	We recommend the Department of Social Development be consistent in the amounts reimbursed to foster families.	Implemented
Foster Homes	Social Development	2013	2	2	129	We recommend the Department of Social Development reconcile its foster family information (statistics, data, names) with each of the regions on a regular basis to ensure information used by central office for program planning is complete and accurate.	Implemented
Foster Homes	Social Development	2013	2	2	134	We recommend the Department of Social Development publicly report on the effectiveness of its Children's Residential Services program. Such performance information should be included in the Department's annual report and on its website.	Implemented
Provincial Bridges	Transportation and Infrastructure	2013	2	3	46	We recommend the Department document its bridge inspection processes in a single comprehensive manual.	Not Implemented
Provincial Bridges	Transportation and Infrastructure	2013	2	3	47	We recommend the Department have readily accessible to all staff the most current and complete copy of any manual or other documentation referenced in the inspection process.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Provincial Bridges	Transportation and Infrastructure	2013	2	3	62	We recommend the Department follow the Ontario Structures Inspection Manual guidelines for reporting bridge component deterioration and record the quantitative information such as the width and extent of cracks in the inspection reports. The recording of actual quantities of the defects leads to a better estimation of rehabilitation needs.	Not Implemented
Provincial Bridges	Transportation and Infrastructure	2013	2	3	63	We recommend the Department include suggested completion dates within the maintenance recommendations in the inspection reports. This will provide additional detailed information for use by senior department officials and members of the Legislative Assembly, inventory data analysis and performance reporting.	Implemented
Provincial Bridges	Transportation and Infrastructure	2013	2	3	69	We recommend the Department add a severity rating component to their material rating process similar to the Ontario Structures Inspection Manual. Standardized material ratings should be used.	Not Implemented
Provincial Bridges	Transportation and Infrastructure	2013	2	3	75	We recommend the Department standardize the use of priority codes within the inspection reporting process.	Not Implemented
Provincial Bridges	Transportation and Infrastructure	2013	2	3	79	<p>We recommend the Department implement and document a formal quality control and assurance procedure for inspections and reporting. In conjunction with this, the Department should formalize supervision of the inspection team by a qualified structural engineer. This could include, but not be limited to:</p> <ul style="list-style-type: none"> <li>• documented review by a professional engineer of a random sample of completed bridge inspection reports and photo files;</li> <li>• direct observation; and</li> <li>• re-performance of field inspections.</li> </ul>	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Provincial Bridges	Transportation and Infrastructure	2013	2	3	88	We recommend the Department establish guidelines for bridge repair and replacement project selection and document the rationale for the projects selected.	Not Implemented
Provincial Bridges	Transportation and Infrastructure	2013	2	3	104	We recommend the Department clearly define the least life cycle cost for a bridge and adopt this approach in prioritizing all capital bridge work, as stated in the Department's <i>Bridges and Culverts Asset Management Plan</i> .	Not Implemented
Provincial Bridges	Transportation and Infrastructure	2013	2	3	115	We recommend the Department publicly report the Bridge Condition Index of all designated Provincial bridges on an annual basis.	Implemented
Provincial Bridges	Transportation and Infrastructure	2013	2	3	116	We recommend the Department have measurable objectives relating to the condition of Provincial bridges. Such objectives might include setting a target Bridge Condition Index.	Implemented
Provincial Bridges	Transportation and Infrastructure	2013	2	3	124	We recommend the Department set targets for its bridge inspection program and publicly report the targets, actual results and the rationale for variances in its annual report.	Implemented
Provincial Bridges	Transportation and Infrastructure	2013	2	3	136	The Department should develop and implement a long term plan to address current and expected future funding shortfalls in ordinary and capital bridge maintenance. This plan should be communicated annually during the capital budget process in order to appropriately inform senior officials and Cabinet Ministers.	Implemented
Procurement of Goods and Services – Phase I	Government Services (Service New Brunswick)	2013	2	4	58	We recommend the DGS (Department of Government Services) ensure that provincial regulation, policies and practices are internally consistent, and are consistent with trade agreements signed by the Province.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Procurement of Goods and Services – Phase I	Government Services (Service New Brunswick)	2013	2	4	71	We recommend the DGS (Department of Government Services) require the use of the NBON system by client departments or implement a mechanism to accurately capture contract of supply draw down information and changes to purchase orders.	Implemented
Procurement of Goods and Services – Phase I	Government Services (Service New Brunswick)	2013	2	4	72	We recommend the DGS (Department of Government Services) establish a plan to undertake periodic reviews of significant contracts to ensure all of the benefits such as discounted pricing of the contract are received by government entities and vendors meet their contracted obligations.	Implemented
Procurement of Goods and Services – Phase I	Government Services (Service New Brunswick)	2013	2	4	79	We recommend the DGS (Department of Government Services) modernize and update the procurement policy and procedural framework used by government to include the establishment of a policy defining the roles and responsibilities of the entities involved in critical procurement functions, particularly between DGS as the central agency and client departments.	Implemented
Procurement of Goods and Services – Phase I	Government Services (Service New Brunswick)	2013	2	4	85	We recommend the DGS (Department of Government Services) develop an exemption approval policy that balances procurement risk and value against timeframe considerations to better meet client department and DGS approval requirements.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Procurement of Goods and Services – Phase I	Government Services (Service New Brunswick)	2013	2	4	118	<p>We recommend the DGS (Department of Government Services):</p> <ul style="list-style-type: none"> <li>design criteria effective in determining when significant procurements should fall under the <i>Public Purchasing Act</i>, adhere to the criteria, and establish procedures to ensure this decision is supported and documented;</li> <li>design an effective review process to ensure that no single individual can complete the evaluation of a procurement project and award a purchase order; and</li> <li>enforce compliant procurement practices and ensure adequate file documentation is maintained to demonstrate compliance with the Act, regulations, and policy.</li> </ul>	Implemented
Procurement of Goods and Services – Phase I	Government Services (Service New Brunswick)	2013	2	4	129	<p>We recommend the DGS (Department of Government Services) ensure all of the required information is included with exemption requests to provide sufficient support for their approval.</p>	Implemented



Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Procurement of Goods and Services – Phase I	Government Services (Service New Brunswick)	2013	2	4	163	<p>We recommend the DGS (Department of Government Services) create best practice policies and procedural guidelines including but not limited to:</p> <ul style="list-style-type: none"> <li>enhancing the role of the procurement specialist to include the level of involvement in critical functions such as mandatory site visits and membership on Request for Proposal (RFP) evaluation committees;</li> <li>improving records management practices to ensure consistency, completeness, and adequate decision support for vendor debriefing sessions, final contracts, and RFP bid evaluations to address issues such as: <ul style="list-style-type: none"> <li>missing and incomplete evaluation documents;</li> <li>potential conflict of interest situations; and</li> </ul> </li> <li>enhancing continuous improvement processes to improve forward planning by including practices such as soliciting vendor and client department feedback, completing procurement summaries and vendor performance reports, and undertaking periodic file reviews.</li> </ul>	Not Implemented
Procurement of Goods and Services – Phase I	Government Services (Service New Brunswick)	2013	2	4	171	<p>We recommend the DGS (Department of Government Services) publicly report on the goals, objectives, performance targets and actual results achieved by the Strategic Procurement business unit with explanations for any variances between actual results and targets.</p>	Not Implemented
Collection of Accounts Receivable	Finance	2013	2	5	49	<p>We recommend departments identify those accounts at risk of becoming statute-barred and implement collection procedures in order to maximize their collection prior to the expiry of the May 2016 standstill provision.</p>	Not Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Collection of Accounts Receivable	Finance	2013	2	5	61	We recommend departments share debtor contact information, where legislation permits (for example, the <i>Family Income Security Act</i> or <i>Right to Information and Protection of Privacy Act</i> ), for the purpose of collecting accounts receivable.	Not Implemented
Collection of Accounts Receivable	Post-Secondary Education, Training, and Labour	2013	2	5	77	Given the recent rapid growth in the student loans Return to Government portfolio and the limited resources of the Portfolio Debt Management group, we recommend the Department of Post-Secondary Education Training and Labour continue to develop, in conjunction with the central collection unit, a collection strategy for the Return to Government portfolio including establishing collection targets and active monitoring of targets.	Not Implemented
Collection of Accounts Receivable	Post-Secondary Education, Training, and Labour	2013	2	5	81	We recommend the Department of Post-Secondary Education, Training and Labour register employment program overpayments with the Canada Revenue Agency Refund Set-off Program.	Not Implemented
Collection of Accounts Receivable	Economic Development (Opportunities NB)	2013	2	5	88	To improve the recovery of loans receivable from businesses, we recommend that independent expertise in collection of business accounts be engaged to assist either the Department of Economic Development or the central collection unit. The expert engagement should include the development of an action plan to address the historic high delinquency rate of economic development loans to businesses.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Collection of Accounts Receivable	Agriculture, Aquaculture and Fisheries	2013	2	5	99	We recommend a matching process be undertaken to identify provincial employees with past due accounts for veterinary services or with any other amounts in arrears. Payment arrangements should be established or payroll set-off applied. In the future, departments should collect a “unique identifier” from individuals in order to facilitate recovery (through matching) should default occur.	Not Implemented
Collection of Accounts Receivable	Finance	2013	2	5	105	We recommend the Department of Finance complete its work to routinely register overdue property tax receivable accounts with the Canada Revenue Agency Refund Set-off Program.	Implemented
Collection of Accounts Receivable	Education and Early Childhood Development	2013	2	5	124	Given the current five year Enhanced Agreements with First Nations are ending in 2013, we recommend the Aboriginal Affairs Secretariat and the Department of Education and Early Childhood Development establish payment arrangements for all arrears owing prior to the signing of new Enhanced Agreements. Reinvestment of provincial funds (under the new Agreements) should not take place until payment arrangements have been negotiated.	Implemented
Collection of Accounts Receivable	Finance	2013	2	5	129	We recommend the Department of Finance establish collection guidelines to ensure equitable treatment of debtors.	Not Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Point Lepreau Generating Station Refurbishment – Phase I	NB Power	2013	2	6	29	<p>Based upon our observations relating to the decision-making process for the Point Lepreau Generating Station refurbishment, we recommend for future major capital projects undertaken by NB Power:</p> <ul style="list-style-type: none"> <li>the decision-making process be clearly documented, including identifying the roles and responsibilities of key players (i.e. NB Power, the Province, external contractors, regulators such as the Energy and Utilities Board, etc.) before significant amounts are expended;</li> <li>a planned decision-making timeline be developed and agreed upon by key players;</li> <li>all feasible options be identified and fully investigated as early in the process as possible;</li> <li>pre-decision spending be limited to that needed to adequately evaluate and mitigate risks associated with options under consideration prior to selecting a preferred option;</li> <li>an independent, third-party expert be contracted to guide the process of selecting the best option, identifying and developing mitigation strategies for all significant risks, identifying a preferred proponent, and ensuring that the corporation gets the best possible outcome for provincial ratepayers; and</li> <li>the process be transparent and the public made aware of the criteria to be used for decision making, progress towards making a decision and key reasons for the selection of a preferred alternative.</li> </ul>	Implemented
Point Lepreau Generating Station Refurbishment – Phase II	NB Power	2014	2	2	51	We recommend NB Power obtain competitive bids for all significant engineering services, even if not required by legislation to do so.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Point Lepreau Generating Station Refurbishment – Phase II	NB Power	2014	2	2	60	We recommend NB Power use industry standardized formats for all external contracts. The International Federation of Consulting Engineers offers standardized contract templates which can be used as a model.	Implemented
Point Lepreau Generating Station Refurbishment – Phase II	NB Power	2014	2	2	61	We recommend NB Power use a consistent approach to perform post contract reviews and document any areas for improvement.	Implemented
Point Lepreau Generating Station Refurbishment – Phase II	NB Power	2014	2	2	77	We recommend NB Power: <ul style="list-style-type: none"> <li>• contract directly with vendors providing major components or equipment;</li> <li>• require the contractors and subcontractors demonstrate that they have appropriate safety and risk mitigation procedures in place;</li> <li>• include provisions in contracts which provide sufficient liability protection based on NB Power's assessment of risks; and</li> <li>• increase oversight on the transportation of major equipment with the contractor and transportation vendor.</li> </ul>	Implemented
Point Lepreau Generating Station Refurbishment – Phase II	NB Power	2014	2	2	82	We recommend for future building construction contracts NB Power perform sufficient due diligence and preparatory work prior to proceeding to the procurement process to avoid cost overruns.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Point Lepreau Generating Station Refurbishment – Phase II	NB Power	2014	2	2	95	We recommend NB Power conduct an annual review of all major ongoing time and materials contracts. This review should assess the level of success achieved by the vendor over the past year based on set criteria including results achieved and value for money. During an annual review NB Power should conduct interviews with key vendor personnel and perform internal assessments by NB Power staff responsible for interaction with that vendor.	Implemented
Point Lepreau Generating Station Refurbishment – Phase II	NB Power	2014	2	2	96	We recommend NB Power benchmark market rates for similar services and retain this support with procurement documentation to support the contractor choice.	Implemented
Point Lepreau Generating Station Refurbishment – Phase II	NB Power	2014	2	2	106	We recommend NB Power assess its project cost management methodology for large projects. Earned Value Management System, which is an industry best practice, could be used as a model.	Implemented
Point Lepreau Generating Station Refurbishment – Phase II	NB Power	2014	2	2	121	We recommend NB Power develop contingency plans to manage overtime during project delays, including: <ul style="list-style-type: none"> <li>periodically reevaluating during the project to account for major changes in project timelines;</li> <li>sufficiently analyzing the new circumstances and revise the plan as necessary, when a major unanticipated event impacts a project; and</li> <li>carrying out sufficient equipment testing to address any equipment challenges resulting from extended delays.</li> </ul>	Implemented
Point Lepreau Generating Station Refurbishment – Phase II	NB Power	2014	2	2	136	We recommend NB Power prepare a staffing plan for each major project and revise when it is determined that major project changes have occurred.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Data Centre Power Interruption	NB Internal Services Agency (Service New Brunswick)	2014	2	3	71	We recommend the NBISA identify critical infrastructure components and establish replacement plans. We also recommend the NBISA develop and implement a refresh program for such equipment.	Implemented
Data Centre Power Interruption	Office of the Chief Information Officer	2014	2	3	72	We recommend the Office of the Chief Information Officer (OCIO) define roles and responsibilities related to development of corporate IT strategic development for all departments and take recommendations to cabinet that clarify corporate IT roles and responsibilities and ensure strategic goals of the OCIO, the NBISA and the departments are aligned.	Not Implemented
Data Centre Power Interruption	NB Internal Services Agency (Service New Brunswick)	2014	2	3	81	We recommend the NBISA prepare threat risk assessments, as part of its corporate IT continuity planning, and take recommendations to cabinet to further mitigate risk of failure of IT services.	Not Implemented
Data Centre Power Interruption	NB Internal Services Agency (Service New Brunswick)	2014	2	3	82	We recommend the NBISA develop a data centre availability strategy to provide a level of service congruent with industry standards. We also recommend NBISA develop a monitoring process to ensure strategies are implemented to achieve the strategic vision.	Not Implemented
Data Centre Power Interruption	Office of the Chief Information Officer	2014	2	3	92	We recommend the OCIO, in consultation with departments, develop a government-wide IT continuity plan, which considers all aspects of government programs, services and operations. This plan should be tested annually to ensure its adequacy.	Not Implemented
Data Centre Power Interruption	Office of the Chief Information Officer	2014	2	3	93	We recommend the OCIO, as part of IT continuity planning, obtain an assessment of services from each department to identify and prioritize critical systems, which require uninterrupted IT continuity.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Data Centre Power Interruption	NB Internal Services Agency (Service New Brunswick)	2014	2	3	94	We recommend the NBISA, in consultation with departments, develop a disaster recovery plan, which prioritizes the restoration of government IT systems.	Not Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	38	We recommend the Department establish clear guidelines for applications for assistance with documented analysis maintained in the client file to ensure decisions are supported.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	39	We recommend the Department ensure all requests for assistance include an application properly prepared and signed as complete and accurate by the client.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	41	We recommend the Department establish minimum standards and criteria, such as number of jobs to be created or maintained per dollar advanced, for use in evaluating applications for assistance.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	45	We recommend the Department include a complete version of the most recent audited financial statements with Memorandums to Executive Council requesting financial assistance.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	57	We recommend the financial considerations included in the Memorandum to Executive Council clearly state the financial impact on the accounts of the Province, including the need for a provision for loss.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	61	To improve future economic development decision making, we recommend the Department quantify the risks and rewards to the Province in order to clearly establish and balance the value received for the output of funding and the risk assumed by the Province.	Implemented



Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	64	We recommend the Department establish guidelines for verification of claims and assumptions underlying projections included in applications for financial assistance.	Not Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	65	We recommend all claims of job creation or maintenance, in connection with the application, be made in writing, supported by documentation and signed by a company representative indicating the accuracy of the documentation and the company's commitment.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	72	We recommend the Department, in collaboration with others, propose an update to the <i>Economic Development Act</i> and Regulation to clarify the authority to amend security.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	82	Where it would improve the security taken by the Province on loan agreements, we recommend the Department seek an independent assessment of assets when assets are provided as security on loan or guarantee agreements, especially where the value is significant. Should further financial assistance be requested, the Department should reassess the value of these assets as this may affect the realizable value of the security.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	83	When personal guarantees are provided, we recommend the Province ensure there is adequate evidence to support the value of the personal assets such that there is sufficient net worth to safeguard taxpayers' money.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	85	We recommend the Department clearly identify companies and individuals involved in past defaults on government financial assistance as part of the Memorandum to Executive Council (MEC). Where there is a recommendation to approve assistance to such a company or individual, the justification should be clearly stated on the MEC.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	95	We recommend the Department establish a limit on the amount of assistance/level of provincial exposure that can be granted to a single company or group of related companies.	Not Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	96	We recommend the Department implement a process whereby financial assistance to industry provided by all government departments/agencies is monitored to determine the extent of financial assistance granted by all agents in the government reporting entity.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	97	We recommend, as an efficiency measure and to streamline administration, the Department of Economic Development make recommendations to Cabinet to rationalize the number of provincial entities that provide financial assistance to industry.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Executive Council Office	2015	1	2	98	We recommend the Executive Council Office take responsibility for coordinating the implementation by all departments/agencies providing financial assistance to industry of recommendations of this report.	Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	113	We recommend the Department report both expected and actual results of job creation and job maintenance in their annual report.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	123	We recommend the Department annually track and report the 10-year history of actual performance of assistance provided to industry, based on the 2010 analysis performed by the Office of the Comptroller.	Not Implemented
Financial Assistance to Atcon Holdings Inc. and Industry	Economic Development (Opportunities NB)	2015	1	2	127	We recommend the Department establish goals, objectives and measurable targets for its financial assistance to industry programs.	Implemented
Infection Prevention and Control in Hospitals	Horizon Health Network and Vitalité Network	2015	2	2	112	<p>We recommend the Horizon and Vitalité Health Networks address deficiencies in infection prevention and control practices within their respective programs, including but not limited to those reported in Exhibit 2.9 such as:</p> <ul style="list-style-type: none"> <li>• hand hygiene not done when required by policy, healthcare workers wearing rings and bracelets, areas with inadequate signage and gel;</li> <li>• biomedical waste improperly stored;</li> <li>• overcrowding in hemodialysis and oncology areas whose patients have an increased risk of acquiring an infectious disease;</li> <li>• no cleaning between patients treated in the same chemotherapy chair;</li> <li>• isolation inadequacies (signage, carts supplies, use of personal protective equipment, etc.);</li> <li>• linen deficiencies (clean laundry arriving at hospitals without being properly covered, linen delivery trucks not properly cleaned,</li> </ul>	Not Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Infection Prevention and Control in Hospitals	Horizon Health Network and Vitalité Network	2015	2	2	112 cont	<ul style="list-style-type: none"> <li>uncovered clean linen transported through the hospital, inadequate washing or replacing of the cloth cart covers protecting clean linen, excessive linen inventories, improper storage of clothing worn in the operating room, etc.);</li> <li>containers of disinfectant wipes left open;</li> <li>inadequate separation of clean and dirty items and storage space (clean linen stored in poor locations, inadequate separation within nursing units and Medical Device Reprocessing units, equipment and testing supplies stored in patient's washrooms, poor placement of soiled linen hampers, etc.);</li> <li>doors missing or being left open;</li> <li>permanent placement of patients in beds in the corridor;</li> <li>inadequate cleaning, labelling and storage of shared equipment;</li> <li>insufficient signage (public entrances) and labelling ("clean" and "soiled" items, storage areas, etc.); and</li> <li>construction areas not properly sealed-off from patient areas (with proper ventilation and signs restricting access).</li> </ul>	Not Implemented
Infection Prevention and Control in Hospitals	Horizon Health Network	2015	2	2	113	We recommend the infection prevention and control professionals and all managers do regular "walk-arounds" observing for compliance with policies and standards, reporting deficiencies to the units/departments, and ensuring corrective action is taken by those units/departments. Deficiencies should be monitored and reported to appropriate committees and/or department heads.	Implemented
	Vitalité Health Network						Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Infection Prevention and Control in Hospitals	Horizon Health Network	2015	2	2	114	In smaller hospitals without on-site managers, we recommend the infection prevention and control professional and unit/department managers perform site visits on a regular basis. These visits will provide the opportunity to better monitor the smaller facility. Also, it will provide staff members with the opportunity to ask questions and identify challenges with which they are dealing.	Implemented
	Vitalité Health Network						Implemented
Infection Prevention and Control in Hospitals	Horizon Health Network	2015	2	2	115	We recommend the Horizon and Vitalité Health Networks enforce compliance with infection prevention and control policies by all staff members, in all hospitals.	Implemented
	Vitalité Health Network						Implemented
Infection Prevention and Control in Hospitals	Horizon Health Network	2015	2	2	146	We recommend the Department of Health in consultation with the Horizon and Vitalité Health Networks develop a provincial infection prevention and control program and strategy for use in all New Brunswick hospitals. This should address both routine practices and additional precautions. The provincial program should include, but not be limited to, the following: <ul style="list-style-type: none"> <li>documented provincial infection prevention and control policies, standards and practices;</li> <li>a strategy for monitoring compliance with infection control standards; and</li> <li>a comprehensive hand hygiene strategy.</li> </ul>	Not Implemented
	Vitalité Health Network						Not Implemented
	Department of Health						Implemented
Infection Prevention and Control in Hospitals	Horizon Health Network	2015	2	2	147	We recommend the Horizon and Vitalité Health Networks engage sufficient resources for their programs to ensure all zones have access to Infection Prevention and Control Professionals (ICPs), experts and administrative support.	Not Implemented
	Vitalité Health Network						Implemented
Infection Prevention and Control in Hospitals	Horizon Health Network	2015	2	2	148	We recommend the Vitalité Health Network require their ICPs obtain specialized training in infection prevention and control.	Not Implemented
	Vitalité Health Network						Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Infection Prevention and Control in Hospitals	Horizon Health Network	2015	2	2	149	We recommend the Horizon and Vitalité Health Networks address the inconsistencies within their respective programs, including but not limited to: <ul style="list-style-type: none"> <li>• inconsistencies in ICPs' knowledge of appropriate practices and standards;</li> <li>• variations in the ICPs' work in different zones; and</li> <li>• inconsistencies with isolation gowns.</li> </ul>	Not Implemented
	Vitalité Health Network						Not Implemented
Infection Prevention and Control in Hospitals	Horizon Health Network	2015	2	2	180	We recommend the Horizon and Vitalité Health Networks improve monitoring for compliance with infection prevention and control standards, including the monitoring of routine practices. This should include, but not be limited to, establishing policies and procedures for: <ul style="list-style-type: none"> <li>• consistent unbiased hand hygiene auditing of appropriate quantity and including coverage of all areas in the hospitals;</li> <li>• auditing jewelry and nails of healthcare workers to ensure compliance with the hand hygiene policy;</li> <li>• auditing of linen management, including delivery trucks;</li> <li>• auditing of waste management, including all types of waste; and</li> <li>• auditing of shared equipment (proper cleaning, storage, etc.).</li> </ul>	Implemented
	Vitalité Health Network						Not Implemented
Infection Prevention and Control in Hospitals	Horizon Health Network	2015	2	2	202	We recommend the Department of Health and/or the Regional Health Authorities enhance its public reporting on the effectiveness of its infection prevention and control program(s) by reporting on hand hygiene and other infection prevention and control program performance indicators.	Implemented
	Vitalité Health Network						Implemented
	Department of Health						Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	76	We recommend the Department adhere to a regulated and predictable forest management planning cycle and ensure compliance with the <i>Crown Lands and Forests Act</i> by obtaining revised forest management plans from each licensee every five years.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	83	We recommend the Department regularly obtain forest management plans for all industrial freehold managed by Crown licensees and compare silviculture levels between licensee freehold and Crown land.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	104	We recommend the Department complete and finalize a silviculture manual with performance standards based on best practices.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	105	We recommend the Department enforce adherence to forest management standards and make amendments and exceptions only in light of new scientific knowledge and analysis of the effect of past treatments.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	106	We recommend the area of Crown forest, subject to clear cut harvest, be reduced in favor of non clearcut harvest treatments as per the updated forest management strategy "A Strategy for Crown Lands Forest Management Putting our Resources to Work".	Not applicable
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	118	We recommend the Department continue with the silviculture annual monitoring program and apply consistent controls on silviculture services acquired.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	122	We recommend the Department complete licensee performance evaluations every five years per the <i>Crown Lands and Forests Act</i> .	Not Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	123	We recommend evaluation data be verified by the Department for completeness and accuracy.	Not Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	131	We recommend the Department monitor the results of silviculture treatments over time and hold licensees accountable through performance based measures.	Not Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	132	We recommend information self-reported by licensees be verified for completeness and accuracy.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	142	We recommend the Department regularly report to the Legislative Assembly and the public on the status of New Brunswick's forest and its management.	Not Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	143	We recommend pending the development and issuance of a consolidated "State of the Forest" report by the Department, the most recent forest management plans for all Crown licenses be made available to the Legislative Assembly and the public.	Not Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	158	We recommend the Department include the use of an economic payback model when analyzing resource allocations for silviculture program activities.	Not Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	159	We recommend the Department implement a previous recommendation made by the Select Committee on Wood Supply to commit to, on a five year basis, the level of silviculture funding deemed appropriate to achieve stated timber and non-timber objectives.	Not Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	163	We recommend the Department, in consultation with the Office of the Comptroller, calculate and record the value of the Crown timber asset in the Department's annual report and adjust this valuation to reflect harvest, silviculture and other changes. This valuation will quantify the impact of their management decisions.	Not Implemented



Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	167	We recommend the Department include long-term regeneration needs of the Crown forest and harvest trends to support distribution of silviculture funding.	Not Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	181	We recommend the Department regularly benchmark silviculture rates from other jurisdictions in addition to using the costing model.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	182	We recommend the Department require licensees to provide a reconciliation of actual costs incurred for silviculture services provided on Crown land against fees paid and that cost efficiencies realized be proportioned between the Crown and licensee.	Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	194	We recommend the standard reporting package prepared by the Forest Products Marketing Board include reconciliation between the audited financial statements and the schedule of silviculture funding and related costs.	Not Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	196	We recommend the Department ensure a forest management agreement is signed by all current licensees to ensure compliance with the <i>Crown Lands and Forests Act</i> .	Not Implemented
Silviculture	Natural Resources (Energy and Resource Development)	2015	2	3	206	We recommend the Province adopt a more equitable cost sharing arrangement for silviculture work that recognizes the direct benefits realized by the forestry companies.	Not Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	96	We recommend the Department comply with the <i>Crown Lands and Forests Act</i> and regulations in meeting their responsibilities related to proportional supply and sustained yield. If current principles of proportional supply and sustained yield required under the Act are no longer relevant or applicable, the Department should pursue changes to the Act and regulations in order to facilitate accomplishment of its mandate.	Not Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	105	We recommend the Department establish a policy for sustained yield, set objectives and measurable targets, and monitor and publicly report on its performance in ensuring sustainable yield from private woodlots.	Not Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	113	We recommend the Department implement a single private land silviculture agreement for all marketing boards in order to limit duplication of effort.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	124	We recommend the Department set separate goals and objectives against which to measure its success in fulfilling its mandate regarding private woodlots. In addition, we recommend the Department establish goals and objectives for the Private Land Silviculture program to measure the benefits of the program to the Province.	Not Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	128	We recommend the Department publicly report on the goals, objectives, performance targets and actual results of their work and programs in regards to private wood supply. This should include providing explanations for variances between planned and actual performance.	Not Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	149	We recommend the Commission establish member position profiles and criteria against which potential appointees can be evaluated.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	154	We recommend the Commission make appointment requests in a manner that effectively staggers member appointments to promote continuity.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	159	We recommend the Department review the Commission's mandate and performance to ensure government objectives for the Commission's work are being achieved, and the Commission's role and responsibilities are well communicated and understood.	Not Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	161	We recommend the Commission review and compare their current governance policies and procedures against the Province's Agencies, Boards, and Commissions appointment policy as well as accepted governance best practices in order to define and implement tools to enhance current Commission practices.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	169	We recommend the Commission complete its strategic plan to reflect its mandate under legislation and articulate its strategic priorities.	Not Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	175	We recommend the Commission review its current policies and manuals to ensure these accurately and consistently reflect necessary requirements in accordance with accepted financial reporting standards. We further recommend current copies of these documents be provided to marketing boards.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	193	We recommend the Commission evaluate its reporting requirements from marketing boards to ensure that what is being requested provides the benefits intended. We further recommend the Commission enforce its Orders to ensure marketing board compliance with regulation.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	205	We recommend the Department and Commission document how financial reviews of marketing boards will be undertaken, assign personnel with the appropriate background and expertise to do the analysis, and report on the results of this analysis with recommendations, if required.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	219	We recommend the Commission require Marketing Boards to provide them with a signed agreement between the Marketing Board and its associated agent(s) that defines the nature of the agent relationship and the roles and responsibilities of each party as they pertain to the mandate of the Marketing Board.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	224	We recommend the Commission undertake regular meetings with the marketing boards, individually or in a group setting as required, and attend random district meetings to identify and act on areas of concern.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	226	We recommend the Commission document a framework, proactively identifying and addressing areas of risk in marketing board governance, to ensure that marketing boards operate as intended by legislation.	Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	234	We recommend the Commission establish and document an administrative process for the use of its investigative powers and formalize a series of escalating enforcement measures/mechanisms to be used in cases of non-compliance with Orders, regulations and policy directives.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	237	We recommend the Department and the Commission jointly review the Commission's mandate and structure and make the changes required to ensure the Commission can effectively perform its legislated mandate.	Not Implemented
Private Wood Supply	Natural Resources (Energy and Resource Development)	2015	2	4	241	We recommend the Commission establish performance targets for its own oversight work and for marketing boards against which the Commission can evaluate marketing board performance in critical areas. We further recommend the Commission report on the effectiveness of both its own work and marketing board operations against the predetermined targets.	Not Implemented
Public Debt	Finance	2015	4	2	80	We recommend the Department develop a comprehensive debt management strategy and have it approved by Cabinet.	Not Implemented
Public Debt	Finance	2015	4	2	94	We recommend the Department establish the Province's risk tolerance in terms of an acceptable dollar variation from the budget of servicing public debt due to financial markets movement.	Not Implemented
Public Debt	Finance	2015	4	2	95	We recommend the Department form a risk committee independent of the Treasury Division to review and approve all risk management related policies.	Not Implemented
Public Debt	Finance	2015	4	2	109	We recommend the Department regularly conduct a full stress test of its debt portfolio on the basis of the economic and financial shocks to which the Province is potentially exposed.	Not Implemented
Public Debt	Finance	2015	4	2	123	We recommend the Department clearly state in its borrowing policies which debt products may be issued by the Province and which may not.	Not Implemented
Public Debt	Finance	2015	4	2	129	We recommend the Department document in its policy the limits and authorities for all levels of staff who can undertake borrowing and investing related transactions.	Not Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Public Debt	Finance	2015	4	2	139	We recommend the Department publicly report the government's debt management objectives, guidelines, and strategies, as well as medium-term financing needs and targets, in terms of debt composition, average maturity, and other indicators.	Not Implemented
Public Debt	Finance	2015	4	2	145	We recommend the Department provide the public with information on the projected future performance of the Province's debt portfolio, including its cost of debt.	Not Implemented
Centennial Building	Transportation and Infrastructure	2015	4	3	57	To facilitate a government decision on the future of the Centennial Building, we recommend the Department present government with an updated cost analysis of potential options for the facility, including the "do nothing" option.	Implemented
Centennial Building	Transportation and Infrastructure	2015	4	3	58	We also recommend the Department implement a moratorium on new modifications, fit-ups and new occupants in the Centennial Building until a decision on its future has been made.	Implemented
Centennial Building	Transportation and Infrastructure	2015	4	3	59	We further recommend the Department proceed immediately to implement government's chosen option for the facility.	Implemented
Centennial Building	Transportation and Infrastructure	2015	4	3	60	We recommend one central authority within government be assigned control over the provision and management of all government office space, with the mandate and authority to fully enforce office space allocation and acquisition policies.	Implemented
Centennial Building	Transportation and Infrastructure	2015	4	3	61	We recommend, for future infrastructure projects, the Department request comprehensive approval from government, including any removal from service, disposal and or demolition of surplus infrastructure rather than having a piecemeal approval process not supported by the original business case.	Implemented

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Nursing Homes	Social Development	2016	1	2	33	We recommend the Department of Social Development evaluate whether there is an economic benefit to providing nursing home beds under the public-private model versus the traditional model.	*
Nursing Homes	Social Development	2016	1	2	70	We recommend the Department of Social Development, in consultation with the Department of Health, develop a comprehensive long term plan to ensure the Province can continue to provide sustainable services to New Brunswick seniors.	*
Nursing Homes	Social Development	2016	1	2	71	We also recommend the Department report publicly on the measures and outcomes of current and future initiatives as part of the comprehensive long term plan.	*
Public Trustee Services	Legal Aid Services Commission	2016	1	3	39	We recommend the Public Trustee develop comprehensive policies and procedures for trust officers to assist trust officers in their work, to help in training new trust officers, and to ensure consistency of client files.	*
Public Trustee Services	Legal Aid Services Commission	2016	1	3	40	We recommend the Public Trustee amend and implement the investment policy for client funds.	*
Public Trustee Services	Legal Aid Services Commission	2016	1	3	41	We recommend the Public Trustee upgrade or replace its current case management information system in order to meet user needs.	*
Public Trustee Services	Legal Aid Services Commission	2016	1	3	42	We recommend the Public Trustee review its insurance coverage to ensure client assets are adequately insured.	*
Public Trustee Services	Legal Aid Services Commission	2016	1	3	43	We recommend the Public Trustee implement regular supervisory review of client files.	*
Public Trustee Services	Legal Aid Services Commission	2016	1	3	44	We recommend the Public Trustee implement an internal audit function.	*
Public Trustee Services	Legal Aid Services Commission	2016	1	3	50	We recommend the Public Trustee ensure guardianship officers sufficiently document the rationale for all personal care and healthcare decisions in the case management system.	*

\*Our practice is to track the status of our value for money recommendations starting in the second year after the original Report is released. Follow up work on this chapter will be conducted as part of our 2018 work plan.

Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Public Trustee Services	Legal Aid Services Commission	2016	1	3	59	We recommend the Public Trustee establish goals, objectives and measurable targets for its services, measure its performance against the targets and publicly report on its performance.	*
Public Trustee Services	Legal Aid Services Commission	2016	1	3	60	We recommend the Public Trustee make available publicly all audited financial statements of Trusts under the Administration of the Public Trustee.	*
Public Trustee Services	Legal Aid Services Commission	2016	1	3	69	We recommend the Public Trustee identify legislation changes needed to address the following, and work with the responsible department to implement them: <ul style="list-style-type: none"> <li>• lack of timeliness in obtaining authority to act as Public Trustee for a client;</li> <li>• loss of authority upon death of a client;</li> <li>• limitations in fees that can be charged to clients; and</li> <li>• administration of unclaimed property.</li> </ul>	*
Agricultural Fair Associations	Agriculture, Aquaculture and Fisheries	2016	1	4	55	We recommend the Department of Agriculture, Aquaculture and Fisheries fulfill its legislated mandate under the <i>Agricultural Associations Act</i> . We recommend DAAF develop a strategy to further define its mandate, including a clear definition of its role and responsibilities as well as goals and objectives for its work with agricultural societies and agricultural fair associations.	*
Agricultural Fair Associations	Agriculture, Aquaculture and Fisheries	2016	1	4	56	We recommend, alternatively, if the Department of Agriculture, Aquaculture and Fisheries does not intend to meet its current mandate under the <i>Agricultural Associations Act</i> and regulations, it pursue legislative amendments to the <i>Agricultural Associations Act</i> and regulations. This would define and clarify its commitment to these entities.	*

\*Our practice is to track the status of our value for money recommendations starting in the second year after the original Report is released. Follow up work on this chapter will be conducted as part of our 2018 work plan.



Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Agricultural Fair Associations	Agriculture, Aquaculture and Fisheries	2016	1	4	72	We recommend the Department of Agriculture Aquaculture and Fisheries define, communicate, and monitor minimum reporting requirements for all agricultural associations and societies it is required to oversee under the <i>Agricultural Associations Act</i> .	*
Agricultural Fair Associations	Agriculture, Aquaculture and Fisheries	2016	1	4	81	We recommend the Department of Agriculture, Aquaculture and Fisheries distribute funding directly to agricultural fair associations without the assistance of a third-party entity. Accordingly, we recommend DAAF develop and implement a grant allocation process with applicable controls to ensure proper use of public funds.	*
Agricultural Fair Associations	Service New Brunswick	2016	1	4	104	We recommend, at a minimum, Service New Brunswick follow its internal standard and re-assess any agricultural fair association exceeding the 10-year assessment cycle, including Fredericton, Saint John, Miramichi and Queens County associations. We recommend SNB evaluate the eligibility of these organizations for exemption from property tax.	*
Agricultural Fair Associations	Service New Brunswick	2016	1	4	109	We recommend Service New Brunswick develop, document, and implement a standardized process and procedures to evaluate the eligibility of requests for property tax exemptions (tax class 50) and undertake regular monitoring to ensure organizations with exemptions have sustained their eligible status.	*
Agricultural Fair Associations	Public Safety (Justice and Public Safety)	2016	1	4	143	We recommend the Department of Public Safety develop a standardized process and implement associated procedures for evaluating initial and ongoing eligibility of agricultural fair associations for licensing under the Charitable Gaming program.	*

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Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Agricultural Fair Associations	Finance	2016	1	4	154	We recommend the Department of Finance request Canada Revenue Agency undertake audits of Agricultural Fair Associations currently exempted from provincial income tax to verify the eligibility status of these organizations.	*
Meat Safety – Food Premises Program	Health	2016	3	2	54	We recommend the Department of Health ensure applicants for food premises licences submit all required documentation and comply with the food premises standards prior to issuing a licence.	*
Meat Safety – Food Premises Program	Health	2016	3	2	65	We recommend the Department of Health implement procedures to identify illegal operators of food premises and then proceed to either license the operator or take enforcement actions to cease their operations. The procedures should be done on a regular basis and the results documented.	*
Meat Safety – Food Premises Program	Health	2016	3	2	66	We recommend the Department of Health review all food premises licences to ensure the class is correct and the proper annual fee is being collected.	*
Meat Safety – Food Premises Program	Health	2016	3	2	69	We recommend the Department of Health fully implement its risk-based inspection strategy by ensuring staff follow the documented <i>Standard Operational Procedures</i> and properly complete a risk assessment, and update it annually, to determine the proper inspection frequency for food premises.	*
Meat Safety – Food Premises Program	Health	2016	3	2	75	We recommend the Department of Health follow the documented Standard Operational Procedures (SOPs) and properly conduct inspections to monitor operators' compliance with the food premises standards.	*
Meat Safety – Food Premises Program	Health	2016	3	2	76	We recommend the Department of Health properly document all inspections by accurately and neatly completing the <i>Food Premises Inspection Form</i> .	*

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Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Meat Safety – Food Premises Program	Health	2016	3	2	77	We recommend the Department of Health perform the required number of routine inspections each year (which is determined by assessing the risk of the food premises).	*
Meat Safety – Food Premises Program	Health	2016	3	2	78	We recommend the Department of Health perform reinspections on a timely basis to ensure violations of the food premises standards have been corrected.	*
Meat Safety – Food Premises Program	Health	2016	3	2	85	As part of recommendation 2.75, we recommend the Department of Health ensure all inspectors wash their hands before beginning their inspection and record all violations on the inspection report.	*
Meat Safety – Food Premises Program	Health	2016	3	2	86	We recommend the Department of Health enhance inspections by checking temperatures, sanitizing solution concentration, food safety training records, etc. and thoroughly reviewing operators' records required by the food premises standards.	*
Meat Safety – Food Premises Program	Health	2016	3	2	87	We recommend the Department of Health encourage consistency between inspectors through such means as: <ul style="list-style-type: none"> <li>• providing refresher training on the SOPs;</li> <li>• monitoring compliance with the SOPs; and</li> <li>• having regular meetings to discuss violations and food premises standards using professional judgment.</li> </ul>	*
Meat Safety – Food Premises Program	Health	2016	3	2	92	We recommend the Department of Health explore the benefits of tracking and monitoring violations of the food premises standards to identify trends and target systematic corrective efforts. (For example, one region could pilot a project where violations are recorded on a spreadsheet and then analyzed to identify trends. If the exercise proves to be beneficial, a provincial system could be implemented.)	*

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Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Meat Safety – Food Premises Program	Health	2016	3	2	95	We recommend the Department of Health ensure proper procedures are consistently followed and documented when revoking a food premises licence.	*
Meat Safety – Food Premises Program	Health	2016	3	2	102	There should be serious ramifications for food premise operators who repeatedly have their licence revoked. We recommend the Department of Health eliminate noncompliance by operators by implementing stronger enforcement actions, such as posting compliance status in premises’ window clearly visible to the public, ticketing with fines, graduated licensing fees, etc.	*
Meat Safety – Food Premises Program	Health	2016	3	2	110	We recommend the Department of Health enhance its public reporting of compliance with the food premises standards by: <ul style="list-style-type: none"> <li>• posting inspection reports for all food premises, and</li> <li>• posting results of all inspections for the past two years.</li> </ul>	*
Meat Safety – Food Premises Program	Health	2016	3	2	114	We recommend the Department of Health establish a standard method (to be used by all regional offices) for maintaining consistent, reliable and useful information for the food premises program including the following: <ul style="list-style-type: none"> <li>• directories of licensed food premises including their class, annual fee, assigned inspector, risk category, etc.;</li> <li>and</li> <li>• information required by the Standard Operational Procedures, such as specific information on food premises relating to their risk assessment, “major” and “critical” violations, “management and employee food safety knowledge”.</li> </ul>	*
Meat Safety – Food Premises Program	Health	2016	3	2	115	The current manual inspection system does not provide information needed by the Department. We recommend the Department of Health explore what other provinces are doing in this regard and automate the inspection system.	*

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Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Meat Safety – Food Premises Program	Health	2016	3	2	125	We recommend the Department of Health implement quality assurance practices to ensure all risk areas covered by the <i>Food Premises Regulation</i> are subject to quality assurance monitoring.	*
Meat Safety – Food Premises Program	Health	2016	3	2	126	We recommend the Department of Health rotate food premises assigned to inspectors at least every four years as required by the <i>Standard Operational Procedures</i> (SOPs).	*
Meat Safety – Food Premises Program	Health	2016	3	2	127	We recommend the Department of Health calibrate equipment regularly as required by the SOPs.	*
Meat Safety – Food Premises Program	Health	2016	3	2	128	We recommend the Department of Health thoroughly review all of the SOPs to determine if they are practical. Attention should be given to identify SOPs that are not being followed. (In particular, the number of inspection files per inspector to be reviewed by the Regional Director may be excessive.) We further recommend the SOPs be revised as needed.	*
Meat Safety – Food Premises Program	Health	2016	3	2	154	We recommend the Department of Health assess the public health risks related to: <ul style="list-style-type: none"> <li>• uninspected meat;</li> <li>• class 5 operators not having food safety training;</li> <li>• licensing and inspecting abattoirs that are also involved with processing meat (such as making sausage, head cheese, jerky and other smoked products); and</li> <li>• community suppers, and</li> </ul> we recommend the Department consider updating its regulations based on their findings.	*
Meat Safety – Food Premises Program	Health	2016	3	2	155	We recommend the Department of Health fully implement the current <i>Food Premises Regulation</i> or amend it to reflect the Department’s present public health policy intentions.	*

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Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Advisory Services Contract	Service New Brunswick	2017	1	2	50	We recommend Service New Brunswick: <ul style="list-style-type: none"> <li>• ensure emergency and urgent exemptions are not used inappropriately by departments to bypass the competitive tendering process;</li> <li>• require that departments provide sufficient rationale and documentation to support requested exemptions; and</li> <li>• maintain a record of why the decision to approve the emergency and urgent exemption was made.</li> </ul>	**
Advisory Services Contract	Social Development	2017	1	2	58	We recommend the Department of Social Development apply a cool down period between the end of existing contracts with potential future proponents to avoid undue influence and conflict of interest.	**
Advisory Services Contract	Social Development	2017	1	2	59	We recommend the Department of Social Development communicate to Service New Brunswick rationale for not following Service New Brunswick procurement procedures and advice.	**
Advisory Services Contract	Social Development	2017	1	2	89	We recommend the Department of Social Development structure contracts containing performance compensation only on actual, measurable results.	**
Advisory Services Contract	Social Development	2017	1	2	94	We recommend the Department of Social Development develop a framework to govern significant aspects of contract management such as procurement, administration, evaluation and reporting.	**
Advisory Services Contract	Social Development	2017	1	2	103	We recommend the Department of Social Development design and develop agreements that provide for performance measurement by including objectives and clear, well defined deliverables.	**

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Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Advisory Services Contract	Social Development	2017	1	2	117	We recommend the Department of Social Development: <ul style="list-style-type: none"> <li>independently evaluate the performance of contractors against well-defined contract goals, objectives and deliverables; and</li> <li>submit written feedback to Service New Brunswick on the contractor's performance for significant contracts.</li> </ul>	**
Advisory Services Contract	Service New Brunswick	2017	1	2	118	We recommend Service New Brunswick require contractor performance reports be submitted by procuring entities for all significant agreements.	**
Advisory Services Contract	Social Development	2017	1	2	129	We recommend the Department of Social Development track actual savings as they accumulate over time supported by relevant data.	**
Advisory Services Contract	Social Development	2017	1	2	132	We recommend the Department of Social Development measure and report the impact to quality of client service delivery resulting from implemented performance improvement initiatives.	**
Advisory Services Contract	Service New Brunswick	2017	1	2	146	We recommend Service New Brunswick ensure that service contracts include a 'not to exceed' clause in the amount matching the purchase order value.	**
Advisory Services Contract	Social Development	2017	1	2	169	We recommend the Department of Social Development develop a monitoring strategy for implementation targets, milestones, deliverables, and service quality for significant Departmental initiatives.	**
Advisory Services Contract	Social Development	2017	1	2	180	We recommend the Department of Social Development not include clauses in contracts for consulting services that allow out of scope work to be undertaken.	**
Advisory Services Contract	Social Development	2017	1	2	199	We recommend the Department of Social Development include clear contract terms stipulating billing requirements such as a maximum timeframe for submission of invoices.	**

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Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Advisory Services Contract	Social Development	2017	1	2	228	We recommend the Department of Social Development design and implement controls to ensure: <ul style="list-style-type: none"> <li>• compliance with government policies governing travel expenses (AD-2801) and approval of payments (AD-6402); and</li> <li>• significant contract terms such as billing discounts and caps are adhered to.</li> </ul>	**
Advisory Services Contract	Social Development	2017	1	2	259	We recommend the Department of Social Development not include consultants on procurement evaluation committees if compensation to the consultant is impacted by the procurement award.	**
Climate Change	Environment & Local Government	2017	1	3	41	We recommend the Department propose to Cabinet that Greenhouse Gas emission targets, as specified in its Climate Change Action Plan be legislated, similar to other Canadian provinces.	**
Climate Change	Environment & Local Government	2017	1	3	48	We recommend the Department set specific GHG emission reduction targets for NB Power to ensure the provincial targets set in the Climate Change Action Plan are achievable.	**
Climate Change	NB Power	2017	1	3	55	We recommend NB Power: <ul style="list-style-type: none"> <li>• perform a comprehensive analysis on the potential impact of phase-out of Belledune Generating Station;</li> <li>• consult with the Department of Environment and Local Government on a proposed solution regarding the Belledune Generating Station; and</li> <li>• integrate the Belledune Generating Station phase-out analysis in its Integrated Resource Plan process to ensure it has the capacity to meet New Brunswick's future electricity requirements, while respecting energy efficiency and demand reduction programs.</li> </ul>	**

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Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Climate Change	Environment & Local Government	2017	1	3	63	We recommend the Department finalize an implementation plan that describes: <ul style="list-style-type: none"> <li>• how and when the actions identified in the Climate Change Action Plan will be implemented; and</li> <li>• how the Department intends to monitor and report on the progress.</li> </ul>	**
Climate Change	Environment & Local Government	2017	1	3	108	We recommend the Department develop a provincial climate change risk assessment. The assessment should include: <ul style="list-style-type: none"> <li>• Risk identification;</li> <li>• Risk analysis;</li> <li>• Risk evaluation;</li> <li>• Risk treatment and adaptation measures; and</li> <li>• Implementation plan and monitoring.</li> </ul>	**
Climate Change	NB Power	2017	1	3	120	We recommend NB Power conduct a corporate level climate change vulnerability assessment.	**
Climate Change	NB Power	2017	1	3	121	We recommend NB Power develop an implementation plan for adapting to climate change after the completion of its vulnerability assessment.	**
Climate Change	Environment & Local Government	2017	1	3	134	We recommend the Department update the CCAP Progress Tracking System to reflect the changes in the most current Climate Change Action Plan.	**
Financial Assistance to Atcon: Unanswered Questions	Opportunities NB	2017	2	2	80	We recommend, for performance bonds or funds placed in trust, Opportunities NB structure the release of such funds such that sufficient supporting documentation is obtained and reviewed for authenticity and legitimacy prior to authorizing the disbursement of funds.	**

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Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Financial Assistance to Atcon: Unanswered Questions	Opportunities NB	2017	2	2	150	Where the financial assistance requested is significant and is considered high risk, we recommend a clear determination be made and presented to Cabinet as to whether the financial assistance requested is sufficient for the purpose intended.	**
Financial Assistance to Atcon: Unanswered Questions	Opportunities NB	2017	2	2	152	Where the financial assistance requested is significant and is considered high risk, we recommend information presented to Cabinet for decisions on financial assistance should include comparisons to industry standards to assess the health of the company requesting financial assistance.	**
Financial Assistance to Atcon: Unanswered Questions	Opportunities NB	2017	2	2	154	Where the financial assistance requested is significant and is considered high risk, we recommend no financial assistance be granted to a company when significant amounts are outstanding from the shareholders of the company or from affiliated companies. Any exceptions should be rare and well justified.	**
Financial Assistance to Atcon: Unanswered Questions	Opportunities NB	2017	2	2	156	Where the financial assistance requested is significant and is considered high risk, we recommend management and shareholders be required to make a declaration pertaining to dividends, salaries, bonuses (or other) as needed, as part of the application process, such as: <ul style="list-style-type: none"> <li>• Salaries to key executives for the past three to five years;</li> <li>• Salaries, dividends and bonuses to shareholders and family members for the past three to five years;</li> <li>• Transfers to related/associated/affiliated companies in the past three to five years;</li> <li>• Details of shareholder account activity during the past three to five years; and</li> <li>• Details of dividends, share redemptions and changes in share capital in the past three to five years.</li> </ul>	**

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Chapter Name	Department/ Agency	Year	Volume	Chapter	Par.	Recommendation	Self Reported Status
Financial Assistance to Atcon: Unanswered Questions	Opportunities NB	2017	2	2	158	Where the financial assistance requested is significant and is considered high risk, we recommend that agreements contain a restriction to require the approval of ONB prior to a dividend or bonus payment.	**
Financial Assistance to Atcon: Unanswered Questions	Opportunities NB	2017	2	2	160	Where the financial assistance requested is significant and is considered high risk, we recommend that statutory declarations made as a condition of financial assistance be verified.	**
Financial Assistance to Atcon: Unanswered Questions	Opportunities NB	2017	2	2	162	Where the Province has personal guarantees as security on financial assistance, we recommend ONB put in place a process whereby, in the event of default by the recipient, personal guarantees are promptly pursued.	**
Financial Assistance to Atcon: Unanswered Questions	Executive Council Office	2017	2	2	164	We recommend the Executive Council Office take responsibility for coordinating the implementation of recommendations in this report by all departments/agencies providing financial assistance to industry.	**

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