

5

FOLLOW UP OF 2002 AUDIT RECOMMENDATIONS

BACKGROUND

5.1 In 2002, the Report of the Auditor General included formal recommendations for the first time. At that time, the Auditor General made a commitment to follow up on implementation in three years.

“I have also made a change in the content of this Annual Report. This year, in most of the chapters, I have included specific recommendations to government that are intended to address weaknesses, deficiencies or issues identified in the course of audits. It is my intention to follow up on these 90 recommendations in three years to determine the extent of action taken.”
(2002 Report of the Auditor General, page 8).

5.2 During the fall of 2005, we followed up on the implementation status of the 2002 recommendations. Our review was structured to enable us to provide *moderate or review level assurance* on the implementation status. This level of assurance is less than for an audit because of the type of work we performed. An audit would have enabled us to provide high level assurance but would have required a significant increase in the resources devoted by the Office of the Auditor General to the follow-up work.

5.3 Our review was based on written representations by government management which we substantiated through interviews and review of documentation. *Moderate assurance*, in the context of this assignment, means performing sufficient verification work to satisfy the reviewer that *the implementation status as described by government is plausible in the circumstances*. Further information on the difference between high and moderate assurance is available in the *Canadian Institute of Chartered Accountants Handbook*, Section 5025 - Standards for Assurance Engagements.

5.4 For each 2002 recommendation, we requested government management responsible for the area to complete a written self-assessment of progress on implementation or to confirm our Office’s assessment. We also requested management to provide supporting information. Progress on each recommendation was summarized by the following descriptions.

- Work complete
- Work in progress
- Planning stage
- No progress to date, but plan to take action
- No action taken or planned
- Other

5.5 Our verification focussed on whether self-assessments and information provided by management were *accurate, reliable and complete*.

RESULTS IN BRIEF

5.6 The following are the principal observations from this review.

- We requested government management to self-assess progress in implementing the recommendations in the 2002 Report of the Auditor General. We performed a review of the self-assessments and supporting documentation and provide *moderate assurance* to readers of this chapter. Nothing has come to our attention to cause us to believe that the representations made by government management are not complete, accurate and reliable.
- In 2002, we made 90 recommendations to government which included a total of 104 sub-recommendations. Implementation status is summarized as follows:
 - Work complete - 35%
 - Work in progress - 42%
 - Planning stage - 7%
 - No progress to date, but plan to take action - 7%
 - No action taken or planned - 5%
 - Other - 4%
- Although government has completed implementation of 35% of our 2002 recommendations, a significant number (56%) are described as work in progress, planning stage or government plans to take action. Government has taken no action on another 5%. Three years have elapsed since these recommendations were made. Progress has been slow and we encourage government to proceed with addressing and implementing the remaining recommendations as quickly as practical.

REVIEW SCOPE

- 5.7** The objective of this assignment was to provide *moderate assurance* on the implementation status of the recommendations in the 2002 Report of the Auditor General. *Moderate assurance*, in this context, means performing sufficient verification work to satisfy the reviewer that the implementation status as described by government is *plausible in the circumstances*.
- 5.8** Our approach was based on written self-assessments by government management which we substantiated through interviews and review of documentation.
- 5.9** Our criteria were based on qualitative characteristics of information as described in the *CICA Handbook*. Management representations were assessed against the following criteria:
- Representations on implementation status should be accurate and neither overstate nor understate progress.

- Representations on implementation status should be reliable and verifiable.
- Representations on implementation status should be complete and adequately disclose progress to date.

PRINCIPAL FINDINGS

5.10 In 2002, we made 90 recommendations to government which included a total of 104 sub-recommendations. We requested government management responsible for the area to self-assess progress on implementation or to confirm our Office’s assessment. Progress on each recommendation was summarized by the following descriptions.

- Work complete
- Work in progress
- Planning stage
- No progress to date, but plan to take action
- No action taken or planned
- Other

5.11 We performed a review of the self-assessments and supporting documentation and provide *moderate assurance* to readers of this chapter. Nothing has come to our attention to cause us to believe that the representations made by government management are not complete, accurate and reliable.

5.12 The 104 individual recommendations are shown in Exhibit 5.1 to this chapter along with the assessment of implementation status.

5.13 The following table summarizes progress by department and overall. It shows that some departments have made more progress in addressing our recommendations than others.

Summary of Implementation Status - 2002 Recommendations

| Chapter (2002 Report of Auditor General) | Total Recommendations | No Action Taken or Planned | No Progress to Date, but Plan to take Action | Planning Stage | Work in Progress | Work Complete | Other |
|--|-----------------------|----------------------------|--|----------------|------------------|---------------|------------|
| Government-Wide Issues | | | | | | | |
| Chapter 2 - Accountability Information and Reporting | 6 (100%) | | | | 4 (66%) | 1 (17%) | 1 (17%) |
| Education | | | | | | | |
| Chapter 3 - Higher Education and Adult Learning Branch | 8 | 1 | 1 | 1 | 4 | | 1 |

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|--|---------------|------------|------------|------------|-------------|-------------|------------|
| Chapter 4 - Regional School Boards' Property Services Expenditures | 12 | 1 | | 2 | 7 | 1 | 1 |
| Sub-total | 20 (100%) | 2 (10%) | 1 (5%) | 3 (15%) | 11 (55%) | 1 (5%) | 2 (10%) |
| Environment and Labour | | | | | | | |
| Chapter 5 – Drinking Water Safety System | 4 (100%) | | | | 2 (50%) | 2 (50%) | |
| Finance | | | | | | | |
| Chapter 7 – Nova Scotia Public Service Long Term Disability Plan | 6 (100%) | | | 1 (17%) | 3 (50%) | 2 (33%) | |
| Health | | | | | | | |
| Chapter 8 – Accountability of District Health Authorities | 7 | | 2 | | 3 | 2 | |
| Chapter 9 - Procurement | 5 | | | 1 | 2 | 2 | |
| Chapter 10 – Home Care Nova Scotia | 11 | | 2 | | 4 | 5 | |
| Chapter 11 – Nova Scotia Health Research Foundation | 7 | | 2 | | 1 | 4 | |
| Sub-total | 30 (100%) | | 6 (20%) | 1 (3%) | 10 (33%) | 13 (44%) | |
| Service Nova Scotia and Municipal Relations | | | | | | | |
| Chapter 13 – Fuel and Tobacco Tax | 12 (100%) | | | 1 (8%) | 6 (50%) | 5 (42%) | |
| Transportation and Public Works | | | | | | | |
| Chapter 14 – Procurement Branch | 11 (100%) | 2 (18%) | | 1 (9%) | 4 (37%) | 3 (27%) | 1 (9%) |
| Crown Agencies and Corporations | | | | | | | |
| Chapter 15 – Highway 104 Western Alignment Corporation | 8 (100%) | | | | 1 (13%) | 7 (87%) | |
| Chapter 16 – Trade Centre Limited | 7 (100%) | 1 (14%) | | | 3 (43%) | 3 (43%) | |
| Total Recommendations | 104 (100%) | 5 (5%) | 7 (7%) | 7 (7%) | 44 (42%) | 37 (35%) | 4 (4%) |

CONCLUDING REMARKS

5.14 For the first time, we requested government to formally self-assess its progress in implementing our recommendations. We are very pleased with the quality of government's response to our request and the effort that was put into the self-assessments. We were able to obtain sufficient support for the self-assessments to satisfy our review objectives.

5.15 The mission of the Office of the Auditor General is:

"To serve the House of Assembly and the people of Nova Scotia by providing independent assurance and advice to enhance government accountability and performance."

5.16 In order to achieve our mission, we provided advice to government in the form of recommendations. For our Office to be successful, government needs to address our recommendations in one of two ways:

- timely implementation; or
- thorough consideration with a sound rationale for why the recommendation should not be implemented.

5.17 We found that 35% of our recommendations have been addressed and implemented on a timely basis. After three years, 56% are in various stages of implementation, and government has taken no action on another 5%. Although we are pleased that government has begun to address most of our recommendations, we are concerned with the timeliness of efforts to implement the necessary control improvements. We urge government to proceed with addressing and implementing the remaining recommendations as quickly as practical.

2002 Recommendations of Auditor General and 2005 Implementation Status

Exhibit 5.1

| 2002 Recommendation | 2005 Status |
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| Chapter 2 - Accountability Information and Reporting | |
| <p>2.1 We recommend that policies and practices, used during the budgeting and accounting processes for recognition and measurement of Provincial taxes and other revenue transfers from the Federal government, be reviewed.</p> | Work Complete |
| <p>2.2 We recommend that government increase the level of awareness and understanding within and across the Provincial public sector of statutory and policy requirements (and limits) related to the financial management and control of the public purse.</p> | Work in Progress |
| <p>2.3 We recommend government move forward with the release of the updated management manuals and that the government's financial and accounting policies include appropriate relevant extracts, references or linkages to external authoritative sources (e.g., Acts, Regulations, accounting standards) in order to support broader awareness and understanding of the policies.</p> | Work in Progress |
| <p>2.4 We recommend that, if there continues to be a separate restructuring appropriation, accounting responsibility for it be transferred to Finance Government Accounting staff, in order to ensure no significant errors or omissions occur, and an adequate management/audit trail is maintained.</p> | Other ¹ . |
| <p>2.5 We recommend the Department of Finance senior management provide necessary direction, guidance and, if necessary, support so that entities covered by the Provincial Finance Act meet the prescribed deadline of June 30th for financial statement reporting on a timely and effective basis.</p> | Work in Progress |
| <p>2.6 We recommend that the Business Technology Advisory Committee establish a formal policy requiring identification of benefits as part of the planning and approval process for major information technology projects, and requiring reporting of realization of benefits subsequent to implementation. The specific benefits expected to be derived from the deployment of SAP, as well as for any other business solution products that may be implemented, should be appropriately defined in a manner that is clear and measureable as part of the planning and approval process. Further, there should be a formal requirement for reporting the realization of the benefits to BTAC in accordance with the realization time lines set out in the approved plans.</p> | Work in Progress |

1. Management has taken alternate action to address this recommendation.

Chapter 3 - Higher Education and Adult Learning Branch

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| <p>3.1 We recommend that the Branch and individual Divisions prepare operational plans to provide a clear link between the overall Departmental goals and priorities and the more specific goals, priorities, and activities of the Branch and Divisions. The plans should include measurable performance indicators and targets. The Divisions should each report performance in relation to the plan.</p> | <p>No progress to date but plan to take action</p> |
| <p>3.2 We recommend that the Department of Education continue to pursue a Designation Policy for the Student Assistance Program.</p> | <p>Work in Progress</p> |
| <p>3.3 We recommend that the Department assess its information needs related to historical default rates for student assistance and establish systems and processes to collect this information.</p> | <p>Work in Progress</p> |
| <p>3.4 We recommend that the Department improve its electronic edit processes related to interest charges billed by the Bank to the Province.</p> | <p>Work in Progress</p> |
| <p>3.5 We recommend that the Department accrue an estimate of future interest relief claims, based on past experience, in the year in which student loans are issued.</p> | <p>Other ².</p> |
| <p>3.6 We recommend that the Department perform an analysis of risks affecting the Student Assistance program, and implement appropriate preventive and detective controls. The Department should consider either verifying the income of Student Assistance applicants and supporting persons through electronic comparisons with Canada Customs and Revenue Agency data and/or establishing a formal, comprehensive audit regime.</p> | <p>Planning Stage</p> |
| <p>3.7 We recommend that the Private Career Colleges Division prepare an annual report on its operations and results for inclusion in the Annual Report of the Department of Education.</p> | <p>No action taken or planned</p> |
| <p>3.8 We recommend that the Private Career Colleges Division increase the number of annual inspections to comply with its inspection policy, and improve its procedures for documenting reviews of College financial statements.</p> | <p>Work in Progress</p> |

Chapter 4 - Regional School Boards' Property Services Expenditures

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| <p>4.1 We recommend that the Department of Education work with Regional School Boards to establish a protocol for reporting on the condition of school buildings.</p> | <p>Work in Progress</p> |
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2. Management has provided us with a strong rationale as to why implementation of this recommendation is unnecessary.

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| <p>4.2 We recommend that the Department of Education work with Regional School Boards to establish service standards for property services operations and a process for reporting on achievement.</p> | <p>Work in Progress</p> |
| <p>4.3 We recommend that the Department of Education develop a process to assess whether Regional School Boards are maintaining schools appropriately. This process should consider compliance with legislation and policies, and due regard for economy and efficiency.</p> | <p>Work in Progress</p> |
| <p>4.4 We recommend that Regional School Boards review committee structures to determine whether a separate committee dedicated to property services would enhance governance of the function.</p> | <p>Other ³.</p> |
| <p>4.5 We recommend that Regional School Boards review and document information requirements in the property services area to help ensure they are receiving sufficient, appropriate information to properly fulfill their roles and responsibilities under the Education Act.</p> | <p>Work in Progress</p> |
| <p>4.6 We recommend that a process be established at all Regional School Boards for the development, approval and reporting of annual operational and preventive maintenance plans for property services operations. Assumptions implicit in such plans should be clearly documented.</p> | <p>Work in Progress</p> |
| <p>4.7 We recommend that Regional School Boards define performance indicators for the property services function and report on achievement.</p> | <p>Work in Progress</p> |
| <p>4.8 We recommend that the Halifax Regional School Board review existing controls over maintenance materials inventory using sound risk management practices, and implement changes as required.</p> | <p>Planning Stage</p> |
| <p>4.9 We recommend that the Regional School Boards develop a formal process for the evaluation of staff performance.</p> | <p>Planning Stage</p> |
| <p>4.10 We recommend that the Halifax Regional School Board review its current procedures for controlling work orders and staff assignments to ensure they are appropriate and working as designed.</p> | <p>Work in Progress</p> |
| <p>4.11 We recommend that the Halifax Regional School Board use its available maintenance management software to track the full costs associated with completion of work orders.</p> | <p>No action taken or planned</p> |
| <p>4.12 We recommend that the Department of Education and Regional School Boards investigate implementation of best practices including energy management systems, joint procurement and custodial staffing and scheduling standards.</p> | <p>Work Complete</p> |

3. *Approximately one half of the Regional School Boards have a separate committee with responsibility for property services.*

Chapter 5 - Drinking Water Safety System

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| 5.1 a) We recommend that the Department develop audit procedures and forms, study resource issues, establish coordination mechanisms | Work Complete |
| 5.1 b) and implement quality control standards for the audit of registered water supplies. | Work in Progress |
| 5.2 We recommend that Departmental requirements for the documentation and follow up of boil water advisories be complied with. | Work in Progress |
| 5.3 We recommend that the Department upgrade the reporting function of its environmental registration and approvals system so that it can provide all of the types of information helpful for monitoring enforcement activities. | Work Complete |

Chapter 7 - Nova Scotia Long Term Disability Trust Fund

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| 7.1 We recommend that benchmarks to be established by the Trustees be included in a plan to monitor the impact of the recent Plan changes. | Work Complete |
| 7.2 We strongly recommend that the effectiveness of current short-term illness policies and practices, and their impact on LTD claims, be examined by PSC. Further, there is a need to integrate and coordinate aspects of these benefit programs to better facilitate back-to-work objectives. | Work in Progress |
| 7.3 We recommend that an overall review of the governance structure and arrangements for the Plan be undertaken. This review should include a discussion of alternatives to the present arrangements to ensure the resulting board structure addresses the concerns expressed by the Trustees surrounding fiduciary responsibility to the beneficiaries of the Plan; i.e., current contributors and claimants. | Work in Progress |
| 7.4 We recommend that future annual reports be prepared on a timely basis and clearly indicate the impact the recent changes have had in addressing the unfunded liability of the Plan. | Work Complete |
| 7.5 We recommend that the Board develop a schedule for the periodic review of files (likely on a sample basis) as part of the overall evaluation of the claims administration function. | Planning Stage |
| 7.6 We recommend that the Trustees perform an analysis to determine whether services procured from external service providers result in due regard for economy and efficiency. If it is determined that these services are to be sole-sourced, written documentation justifying this decision should be noted in the Board minutes. | Work in Progress |

| Chapter 8 - Accountability of District Health Authorities | |
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| 8.1 We recommend that DOH establish a central file for each DHA. This file should contain all correspondence between the Department and the DHA as well as any documents required by legislation. | Work Complete |
| 8.2 We recommend that DOH continue to develop a framework for performance reporting by DHAs. This should include measuring common performance indicators against pre-established benchmarks. | Work in Progress |
| 8.3 We recommend that the Department submit DHA Business Plans to Executive Council for approval as required by the Health Authorities Act. | Work Complete |
| 8.4 We recommend that DHAs submit annual reports to DOH by September 1 as required by the Act. We also recommend that DOH follow up on a timely basis in those cases where the annual report and other required items are not received by due dates. | Work in Progress |
| 8.5 We recommend that the Department of Health establish accounting policies and give more direction to the District Health Authorities in this area. | No progress to date, but plan to take action. |
| 8.6 We recommend that DOH review the systems and controls over the collection of statistical data and consider whether additional guidance and controls are necessary to ensure the data is accurate and comparable. | Work in Progress |
| 8.7 We recommend that management establish a project plan and proceed with development of a funding formula to rationalize funding allocations to DHAs. | No progress to date, but plan to take action. |
| Chapter 9 - Health - Procurement | |
| 9.1 We recommend that the Department of Health complete its reorganization of the procurement function. | Work Complete |
| 9.2 We recommend that the Department of Health issue appropriate purchase orders at the time goods and services are ordered. The purchase orders should be properly approved and issued at the time the order is placed. | Work in Progress |
| 9.3 We recommend that the Department of Health ensure that exemptions under Section 8 of the Procurement Policy (i.e., Alternative Procurements) are appropriately approved and documented on an Alternative Procurement Practices Report form prior to placement of the order for goods or services. The completed forms should be submitted to the Department of Transportation and Public Works. | Work Complete |

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| <p>9.4 We recommend that the Department of Health regularly receive a copy of the report prepared by the Procurement Branch of the Department of Transportation and Public Works for the Minister. The Department of Health should review the report for completeness and accuracy.</p> | Work in Progress |
| <p>9.5 We recommend that the Procurement Branch and/or Corporate Internal Audit perform periodic audits of exemptions under Section 8 of the Procurement Policy (Alternative Procurement transactions) at the Department of Health to assist the Department in achieving compliance with the Procurement Policy and to assist DT&PW in preparing complete and accurate reports.</p> | Planning Stage |
| <p>Chapter 10 - Home Care Nova Scotia</p> | |
| <p>10.1 We recommend that the Department of Health prepare strategic and operational plans for Home Care Nova Scotia to ensure a common understanding of future direction, and to serve as a guide for HCNS management.</p> | Work in Progress |
| <p>10.2 We recommend that the Department of Health review the current process for approving payment of invoices for nursing services. The approval process should ensure that all services paid were authorized by Care Coordinators, and all information necessary to complete the verification should be available on a timely basis.</p> | Work Complete |
| <p>10.3 We recommend that the Department of Health prepare comparisons of Home Care Nova Scotia financial results and performance information to expectations, standards, and prior year figures for the program as a whole, and also among regions. Any resulting variances should be investigated and explained to ensure that program costs are properly understood and managed.</p> | Work Complete |
| <p>10.4 a) We recommend that the Department of Health, in conjunction with implementation of its new home support agency funding guidelines, review controls over funding to home support agencies.</p> | Work in Progress |
| <p>10.4 b) The controls should be sufficient to ensure that payments are made only for authorized services, and that any deficits funded are not the result of poor management practices or services unrelated to HCNS.</p> | Work Complete |
| <p>10.5 a) We recommend that the Department of Health review the arrangements for acquisition of nursing and home support services for Home Care Nova Scotia. The Department should comply with the Government Procurement Policy and either subject these services to a competitive process, or seek the required approval for an exemption.</p> | Work Complete |

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| <p>10.5 b) The Department should also determine whether future contracts should be Province-wide or whether each District Health Authority should have responsibility for its own arrangement.</p> | <p>Work Complete</p> |
| <p>10.5 c) Contracts should include clearly-defined performance expectations and require reporting of achievement.</p> | <p>Work in Progress</p> |
| <p>10.6 We recommend that the Department of Health assess its objectives for agency audits, the associated risks, and resources available. The Department of Health should develop and implement a plan for agency audits.</p> | <p>No progress to date, but plan to take action.</p> |
| <p>10.7 a) We recommend that the Department of Health include client fees and collection practices in the scope of its agency audits.</p> | <p>No progress to date but plan to take action.</p> |
| <p>10.7 b) We also recommend that the Department perform regular comparisons of the full costs of home support and oxygen services to the fee schedule to ensure that the charge is appropriate.</p> | <p>Work in Progress</p> |
| <p>Chapter 11 - Nova Scotia Health Research Foundation</p> | |
| <p>11.1 We recommend that the Foundation continue its efforts to implement a strategic planning initiative, and submit a three-year plan as required by the Act. The Foundation should report its performance in achieving plans and targets including a comparison of actual to budgeted financial results and reporting of program performance.</p> | <p>Work in Progress</p> |
| <p>11.2 We recommend that, for all grants awarded by the Foundation, there be a formal agreement signed by the Foundation, the sponsor and the grantee, and that a copy be maintained by the Foundation. The agreement should set out the payment terms and the sponsors (institutions) should sign that they will comply with established funding requirements. In addition, the Foundation should adopt procedures to verify compliance.</p> | <p>Work Complete</p> |
| <p>11.3 We recommend that two signatures be required for all cheques.</p> | <p>Work Complete</p> |
| <p>11.4 We recommend that the Foundation improve its monitoring of grant recipients by requiring the sponsoring institutions' finance departments to submit annual financial reports of grant expenditures.</p> | <p>Work Complete</p> |
| <p>11.5 We recommend that the Board approve an investment policy to provide guidance for staff and professional investment advisors when investing Foundation funds.</p> | <p>Work Complete</p> |

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| <p>11.6 We recommend that the government appropriately budget the grant to the Nova Scotia Health Research Foundation based on operational plans, legislative and other commitments and historical experience, and that the grant be disbursed on a basis which matches the cash flow needs of the Foundation.</p> | <p>No progress to date, but plan to take action.</p> |
| <p>11.7 We recommend that the Nova Scotia Health Research Foundation provide a Statement of Revenues and Expenditures for the Restricted Fund in its financial statements.</p> | <p>No progress to date, but plan to take action.</p> |

Chapter 13 - Service Nova Scotia and Municipal Relations - Fuel and Tobacco Tax

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| <p>13.1 We recommend the Department implement an appropriate system of internal control over cash receipts.</p> | <p>Work Complete</p> |
| <p>13.2 a) We recommend that the examination of monthly returns be appropriately documented and reviewed,</p> | <p>Work Complete</p> |
| <p>13.2 b) and standards be developed to specify the frequency and nature of the procedures to be performed.</p> | <p>Work in Progress</p> |
| <p>13.3 We recommend that the Department ensure returns and tax payments are processed on a timely basis and that all information required on a return is received.</p> | <p>Work Complete</p> |
| <p>13.4 We recommend tax-exempt sales statements be reviewed monthly, at least on a sample basis. This process should include checking to see that tax-exempt fuel is only being sold to companies and individuals who have consumer exemption permits.</p> | <p>Work in Progress</p> |
| <p>13.5 We recommend that the Department implement a formal, comprehensive system for audit/inspection planning, management and quality control.</p> | <p>Work in Progress</p> |
| <p>13.6 We recommend that audits of oil company head offices, gasoline retailers and tobacco wholesalers be performed. Staff should be provided with the training necessary to audit oil company head offices and gasoline retailers, and/or the expertise should be obtained from outside the Department.</p> | <p>Work in Progress</p> |
| <p>13.7 We recommend that information system improvements be implemented to facilitate a more effective and efficient inspection and audit process.</p> | <p>Work Complete</p> |
| <p>13.8 We recommend a comprehensive review of the staffing, organization and work responsibilities of the Department as they relate to tobacco and fuel taxes, concurrent with the above-recommended information system improvements, to ensure all tax-related responsibilities are fulfilled in the most efficient and effective manner.</p> | <p>Work in Progress</p> |

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| <p>13.9 We recommend that better documentation be prepared to support the procedures performed and conclusions drawn from audits and inspections.</p> | <p>Work in Progress</p> |
| <p>13.10 a) We recommend that the Department establish risk-based criteria for determining which companies should provide surety bonds, and ensure it has up-to-date surety bonds from companies required to provide them.</p> | <p>Planning Stage</p> |
| <p>13.10 b) The Department should also ensure that licenses or permits required by a client from another Department are in place.</p> | <p>Work Complete</p> |
| <p>Chapter 14 - Transportation and Public Works - Procurement Branch</p> | |
| <p>14.1 a) We recommend that government review its practices for ensuring compliance with procurement policy and agreements.</p> | <p>Work in Progress</p> |
| <p>14.1 b) We believe either the role of the Procurement Branch needs to be expanded and its practices strengthened, or alternative measures need to be developed to hold all government entities individually accountable for procurement activity.</p> | <p>No action taken or planned</p> |
| <p>14.2 a) We recommend more guidelines be developed and communicated,</p> | <p>Work Complete</p> |
| <p>14.2 b) and practices be strengthened, for the documentation and recording of procurement transactions.</p> | <p>Work in Progress</p> |
| <p>14.3 We recommend that government comply with policies and guidelines for alternative procurement, and that transactions be better documented. We believe there needs to be a better system to address known non-compliance with alternative procurement policies and differences of opinion between the Procurement Branch and its client organizations.</p> | <p>Other ⁴.</p> |
| <p>14.4 a) We recommend that, in order to maintain a high level of confidence in the procurement process and ensure all procurement is carried out in an open and fair manner, there be some level of reporting to the House of Assembly</p> | <p>No action taken or planned</p> |
| <p>14.4 b) and other stakeholders on procurement.</p> | <p>Work in Progress</p> |
| <p>14.5 a) We recommend continued development of performance measures,</p> | <p>Work Complete</p> |
| <p>14.5 b) collection of supporting information and annual reporting on performance.</p> | <p>Work in Progress</p> |
| <p>14.5 c) Where possible, performance reporting should include quantitative measures compared to predetermined targets,</p> | <p>Work Complete</p> |

4. Revised policy on Alternative Procurement was issued in 2005.

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| 14.5 d) with explanations for significant variances. | Planning Stage |
| Chapter 15 - Highway 104 Western Alignment Corporation | |
| 15.1 We recommend that the Corporation's accountability requirements be broader, and included in legislation so they may only be changed by the House of Assembly, to which we believe the Corporation is ultimately accountable. | Work Complete |
| 15.2 We recommend ongoing monitoring of all agreements and indentures be undertaken to ensure compliance with all corporate requirements. | Work Complete |
| 15.3 We recommend that accident and death statistics be monitored by TPW or the Corporation and reported in the Corporation's annual report, along with any available explanations for trends or variances from expectations. | Work in Progress |
| 15.4 We recommend that a more formal, comprehensive business plan be prepared each year and used to enhance the Corporation's planning and budgeting process. | Work Complete |
| 15.5 We recommend the Corporation prepare a three to five-year cash flow projection based on management's best estimates of future operating results, debt repayment, road repairs, reserve funding, and other significant sources and uses of cash. | Work Complete |
| 15.6 We recommend that cash flow projections be prepared regularly to identify changes (e.g., predetermined toll increases, forecasted debt repayments) which may cause potential cash shortages or affect the Corporation's ability to fund reserve accounts. | Work Complete |
| 15.7 We recommend that the Corporation determine whether it is more beneficial to hold excess cash or repay outstanding debt. The analysis should include reviewing cash flow projections to ensure the Corporation will have sufficient cash to meet all of its future obligations. | Work Complete |
| 15.8 We recommend that indirect and other costs associated with the annual maintenance and major repair services provided to the corporation be identified, accumulated and monitored. TPW should consider whether future agreements with the Corporation provide for full cost recovery to the Department. | Work Complete |
| Chapter 16 - Trade Centre Limited | |
| 16.1 We recommend Trade Centre Limited's formal governance and accountability arrangements be modernized. | Work Complete |

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| <p>16.2 We recommend Trade Centre Limited and the government reconcile the Corporation's need to issue event performance guarantees with the requirements of the Provincial Finance Act for prior Executive Council approval.</p> | <p>Work Complete</p> |
| <p>16.3 a) We recommend government, through the Department of Finance or Treasury and Policy Board, establish a communication strategy or process to ensure relevant statutory, policy or other requirements and initiatives are effectively communicated on a timely basis to all entities, their governing bodies and senior management included in the Government Reporting Entity.</p> | <p>Work in Progress</p> |
| <p>16.3 b) We also recommend TCL put in place a process to ensure the Corporation is aware of and in compliance with statutory or other requirements affecting its operations.</p> | <p>Work Complete</p> |
| <p>16.4 We recommend the agreement with Halifax Regional Municipality for the management of the Halifax Metro Centre be reviewed to ensure it appropriately reflects current circumstances, including cost allocation or sharing arrangements, and properly indemnifies TCL for contracts and operational risks related to HMC.</p> | <p>No action taken or planned</p> |
| <p>16.5 We recommend Trade Centre Limited initiate formal external annual reporting of performance against indicators and targets.</p> | <p>Work in Progress</p> |
| <p>16.6 We recommend Trade Centre Limited establish a more formal and documented process for determining eligibility and amounts of annual bonuses for senior management.</p> | <p>Work in Progress</p> |