



REPORT OF THE AUDITOR GENERAL

To the House of Assembly



UPDATE
ON RECOMMENDATIONS FROM THE
2012 ANNUAL REPORT

2016

Office of the Auditor General Newfoundland and Labrador



The Auditor General reports to the House of Assembly on significant matters which result from the examinations of Government, its departments and agencies of the Crown. The Auditor General is also the independent auditor of the Province's financial statements and the financial statements of many agencies of the Crown and, as such, expresses an opinion as to the fair presentation of their financial statements.

VISION

The Office of the Auditor General is an integral component of Government accountability.

Head Office Location	Mailing Address	Regional Office Location
5-7 Pippy Place St. John's Newfoundland and Labrador Canada A1B 3X2	P.O. Box 8700 St. John's Newfoundland and Labrador Canada A1B 4J6 Telephone: (709) 729-2695 Fax: (709) 729-5970 Email: oagmail@oag.nl.ca Website: www.ag.gov.nl.ca/ag	1 Union Street Corner Brook Newfoundland and Labrador Canada



**AUDITOR
GENERAL**
of Newfoundland and Labrador

May 12, 2016

The Honourable Tom Osborne, M.H.A.
Speaker
House of Assembly

Dear Sir:

I am pleased to provide my 2016 Update on Recommendations from the 2012 Annual Report. Copies of this Report are also available to Members of the House of Assembly through the Office of the Auditor General website at <http://www.ag.gov.nl.ca/ag/reports.htm>.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Terry Paddon'.

TERRY PADDON, CPA, CA
Auditor General

Intentionally Left Blank

Table of Contents

Chapter		Page
1	Summary	1
2	Introduction	3
3	Summary of Status of Implementation of Recommendations, by Entity, 2012 Annual Report	7
4	Details of Recommendations 2012 Annual Report	11

Table of Contents

**CHAPTER
1
SUMMARY**

Intentionally Left Blank

Summary

The Office of the Auditor General is committed to promoting accountability and encouraging positive change over the stewardship, management and use of public resources. To this end, each year our Office conducts reviews of Government departments and Crown agencies. The recommendations resulting from these reviews are designed to improve processes and overall performance in the management of taxpayers' resources. Therefore, it is important that Government carefully consider these recommendations and take appropriate action.

Monitoring and reporting on the status of implementation of recommendations from prior years' reports promotes accountability by providing the House of Assembly with useful information about how responsive Government has been to our recommendations.

Commencing with our 2015 Update Report, we will monitor and report on the status of implementation of recommendations from each Annual Report once. Monitoring and reporting will commence approximately three years after a Report is published.

This Report provides a summary of the progress made as of December 31, 2015.

Overall Results

85 of the recommendations made in our 2012 Annual Report have been fully implemented or otherwise resolved. We encourage entities to implement all of our recommendations.

Table 1

Status of implementation of recommendations 2012 Annual Report

Status	#	%
Fully implemented or otherwise resolved	85	81
Partially implemented	14	13
Not implemented	6	6
Total	105	100

Summary

CHAPTER
2
INTRODUCTION

Intentionally Left Blank

Introduction

Overview

We conduct performance audits of Government departments and Crown agencies to provide the House of Assembly with an independent, professional assessment of public sector accountability, facilitating informed judgments on the manner in which the public sector discharges its responsibilities. Performance audits may include:

- evaluation of accountability relationships, management practices and control systems;
- determination of compliance with legislation and other authorities; and
- evaluation of program results against established criteria.

Each year, our Office issues an Annual Report which contains findings and recommendations resulting from the reviews carried out of programs and processes in various Government departments and Crown agencies. Our reports are available on our website <http://www.ag.gov.nl.ca/ag/reports.htm>.

Once our Annual Report is finalized, Government departments and Crown agencies determine how they will respond to our recommendations. In most cases, entities appreciate the independent advice given and make the suggested improvements. In some cases, the passage of time or changes in circumstances means that it is no longer appropriate to implement the recommendations as we originally presented them.

Each year we provide an update on the status of implementation of our recommendations contained in previous Annual Reports to the House of Assembly. This Report includes the results of these monitoring activities on our 2012 Annual Report.

Monitoring Responses to Reviews of Government Departments and Crown Agencies

Our objective is to monitor and report on the degree to which recommendations contained in our prior years' reports have been implemented. We will monitor the recommendations in each Annual Report once entities have had a reasonable length of time to respond to the findings.

Commencing with our 2015 Update Report, we have changed the process we follow to monitor and report on the status of implementation of recommendations. We will now monitor and report on the status of implementation of recommendations from each Annual Report once. Monitoring and reporting will commence approximately three years after a Report is published.

Level of Assurance

Our follow-up work consists primarily of enquiry and discussion with management officials at Government departments and Crown agencies, and an examination of selected supporting documentation. These procedures are sufficient to provide a moderate, or review level, of assurance that the actions indicated by management officials have been implemented. This is not an audit and, accordingly, we cannot provide a high level of assurance that the actions indicated by management officials have been implemented. The actions taken or planned by the entities may impact our assessment of whether future audits should be conducted.

Introduction

Recommendations identified for monitoring and reporting

During 2012, our Office completed 13 reviews and made 105 recommendations to 11 Government departments and Crown agencies. This Report summarizes the results of monitoring activity that has occurred on these 105 recommendations as of December 31, 2015.

For each recommendation, entity officials were asked to advise whether the recommendation had been fully implemented, not implemented or partially implemented. In addition, we requested details including an explanation outlining the current status, future action plan(s) and other relevant comments to demonstrate the level of implementation indicated.

We classified and reported the status of each recommendation in one of three categories:

- **Fully implemented or otherwise resolved.** We classified recommendations in this category when they had been fully implemented, when we were satisfied that the recommendation had been adequately addressed, or the recommendation was no longer applicable.
- **Partially implemented.** We classified recommendations in this category when there had been some implementation action taken by the entity, but there were still issues remaining to be addressed related to the recommendation.
- **Not implemented.** We classified recommendations in this category when there had been no implementation action taken by the entity.

Occasionally, our Office will disagree with an entity's assessment of the extent of implementation of a recommendation. In these cases, the status of a recommendation is reported based upon our Office's assessment of the extent of implementation.

Overall Assessment

Table 2 outlines the status of implementation of the recommendations from our 2012 Annual Report.

Table 2

Status of implementation of recommendations 2012 Annual Report

Status	#	%
Fully implemented or otherwise resolved	85	81
Partially implemented	14	13
Not implemented	6	6
Total	105	100

Introduction

Table 3 outlines the status of the recommendations by entity from our 2012 Annual Report.

Table 3

**Status of implementation of recommendations by entity
2012 Annual Report**

Department or Entity	Fully implemented or otherwise resolved	Partially implemented	Not implemented	Total
Executive Council - Human Resource Secretariat	-	4	-	4
Advanced Education and Skills	8	1	-	9
Environment and Conservation	10	-	-	10
Forestry and Agrifoods Agency	6	-	-	6
Health and Community Services	10	-	-	10
Municipal Affairs	7	1	3	11
Service NL	8	6	3	17
College of the North Atlantic	10	-	-	10
Newfoundland and Labrador Centre for Health Information	5	-	-	5
Newfoundland and Labrador Liquor Corporation	8	1	-	9
Western Regional Health Authority	13	1	-	14
Total	85	14	6	105

Introduction

CHAPTER

3

**SUMMARY OF STATUS OF IMPLEMENTATION
OF RECOMMENDATIONS, BY ENTITY,
2012 ANNUAL REPORT**

Intentionally Left Blank

Summary of Status of Implementation of Recommendations, by Entity 2012 Annual Report

The following is a summary of the status of recommendations from our Office's 2012 Annual Report, by entity, based upon monitoring activity that has occurred as of December 31, 2015.

Executive Council - Human Resource Secretariat

Annual Report Part	Fully implemented or otherwise resolved	Partially implemented	Not implemented	Total
Part 3.1				
Occupational Health and Safety in Government	-	4	-	4
	-	100%	-	

Advanced Education and Skills

Annual Report Part	Fully implemented or otherwise resolved	Partially implemented	Not implemented	Total
Part 3.3				
Income Support and Accounts Receivable	8	1	-	9
	89%	11%	-	

Environment and Conservation

Annual Report Part	Fully implemented or otherwise resolved	Partially implemented	Not implemented	Total
Part 3.4				
Pesticides Control	10	-	-	10
	100%	-	-	

Summary of Status of Implementation of Recommendations, by Entity, 2012 Annual Report

Forestry and Agrifoods Agency

Annual Report Part	Fully implemented or otherwise resolved	Partially implemented	Not implemented	Total
Part 3.11				
Forest Industry Diversification Program	6	-	-	6
	100%	-	-	

Health and Community Services

Annual Report Part	Fully implemented or otherwise resolved	Partially implemented	Not implemented	Total
Part 3.6				
Health Line	7	-	-	7
Part 3.7				
Newfoundland and Labrador Centre for Health Information	3	-	-	3
	100%	-	-	

Municipal Affairs

Annual Report Part	Fully implemented or otherwise resolved	Partially implemented	Not implemented	Total
Part 3.9				
Monitoring of Municipalities	7	-	1	8
Part 3.10				
Special Assistance Grant Program	-	1	2	3
	64%	9%	27%	

**Summary of Status of Implementation of Recommendations, by Entity
2012 Annual Report**

Service NL

Annual Report Part	Fully implemented or otherwise resolved	Partially implemented	Not implemented	Total
Part 3.12 Government Purchasing Agency – <i>Public Tender Act</i> Exceptions	7	1	1	9
Part 3.13 Insurance Adjusters, Agents and Brokers Regulation	1	5	2	8
	47%	35%	18%	

College of the North Atlantic

Annual Report Part	Fully implemented or otherwise resolved	Partially implemented	Not implemented	Total
Part 3.2 College of the North Atlantic	10	-	-	10
	100%	-	-	

Newfoundland and Labrador Centre for Health Information

Annual Report Part	Fully implemented or otherwise resolved	Partially implemented	Not implemented	Total
Part 3.7 Newfoundland and Labrador Centre for Health Information	5	-	-	5
	100%	-	-	

**Summary of Status of Implementation of Recommendations, by Entity,
2012 Annual Report**

Newfoundland and Labrador Liquor Corporation

Annual Report Part	Fully implemented or otherwise resolved	Partially implemented	Not implemented	Total
Part 3.5				
Newfoundland and Labrador Liquor Corporation - Regulatory Services	8	1	-	9
	89%	11%	-	

Western Regional Health Authority

Annual Report Part	Fully implemented or otherwise resolved	Partially implemented	Not implemented	Total
Part 3.8				
Western Regional Health Authority	13	1	-	14
	93%	7%	-	

	Fully implemented or otherwise resolved	Partially implemented	Not implemented	Total
Total Recommendations	85	14	6	105
Percent	81%	13%	6%	

CHAPTER
4
DETAILS OF RECOMMENDATIONS
2012 ANNUAL REPORT

Intentionally Left Blank

Details of Recommendations 2012 Annual Report

Introduction

This Chapter contains the details of the 105 recommendations contained in our 2012 Annual Report and the status of each recommendation based upon our monitoring activity as of December 31, 2015. Occasionally, our Office will disagree with an entity's assessment of the extent of implementation of a recommendation. In these cases, which are highlighted by X, the status of a recommendation is reported based upon our Office's assessment of the extent of implementation.

Part 3.1 Occupational Health and Safety in Government

Entity: Executive Council - Human Resource Secretariat

Recommendation	Status		
	Fully implemented or otherwise resolved	Partially implemented	Not implemented
1. Strategic Human Resource Management Units (SHRMUs) and Departments should ensure that Occupational Health and Safety (OHS) programs are developed and implemented as required under Government policy and in accordance with the Occupational Health and Safety Act and Regulations.		√	
2. Departments should comply with the Occupational Health and Safety Act and Regulations.		√	
3. SHRMUs should monitor the Departments they support to ensure that OHS programs are effective and that there is compliance with the Occupational Health and Safety Act and Regulations.		√	
4. Departments should provide the Human Resource Secretariat with sufficient and appropriate information for determining OHS performance.		√	

Details of Recommendations 2012 Annual Report

Part 3.2 College of the North Atlantic

Entity: College of the North Atlantic

Recommendation	Status		
	Fully implemented or otherwise resolved	Partially implemented	Not implemented
1. <i>The College should obtain all documentation for recruitment files as required by Government policies and practices.</i>	√		
2. <i>The College should ensure all positions are classified.</i>	√		
3. <i>The College should hire only staff that meet the minimum qualification requirement guidelines.</i>	√		
4. <i>The College should screen all job competitions in accordance with the merit principle and Government practices.</i>	√		
5. <i>The College should obtain at least two references for both successful and recommended candidates.</i>	√		
6. <i>The College should review the job competition process to determine the reason for the majority of competitions not obtaining the rule of three.</i>	√		
7. <i>The College should ensure employees comply with the conflict of interest policy.</i>	√		
8. <i>The College should obtain Treasury Board approval for upscale hires where required.</i>	√		
9. <i>The College should compensate its employees in accordance with signed employment contracts.</i>	√		
10. <i>The College should monitor and record employee leave and overtime in accordance with its policies and collective agreements.</i>	√		

Details of Recommendations 2012 Annual Report

Part 3.3 Income Support and Accounts Receivable

Entity: Advanced Education and Skills

Recommendation	Status		
	Fully implemented or otherwise resolved	Partially implemented	Not implemented
1. <i>The Department should ensure that interface results are being evaluated on a timely basis.</i>	√		
2. <i>The Department should ensure that action memos are being processed in a timely manner.</i>	√		
3. <i>The Department should ensure that accounts receivable balances are accurate and collectible.</i>		√	
4. <i>The Department should follow its Collections Policy Guide for the write off of accounts receivable.</i>	√		
5. <i>The Department should ensure that income support recipients are made aware of all benefits available so that they can better understand what they are entitled to.</i>	√		
6. <i>The Department should ensure that there is an investigation of stale-dated cheques and direct deposit rejections.</i>	√		
7. <i>The Department should determine whether the electronic Policy and Procedure Manual should be modified to allow easier navigation by employees.</i>	√		
8. <i>The Department should consider the incompatibility between the Client Automated Payment System and the Provincial Collection System and determine whether there is an alternative solution.</i>	√		
9. <i>The Department should investigate whether there is the possibility of being able to set-up both members of a family unit into the Federal Set-Off Program.</i>	√		

Details of Recommendations 2012 Annual Report

Part 3.4 Pesticides Control

Entity: Environment and Conservation

Recommendation	Status		
	Fully implemented or otherwise resolved	Partially implemented	Not implemented
1. The Department should ensure that inspections are completed at a frequency that is in accordance with Department policy, and that documentation is complete and accurate.	√		
2. The Department should ensure that required annual reports regarding the sale of pesticides are received from licensees within the established deadlines.	√		
3. The Department should ensure that violations of the Regulations are properly actioned and documented as such.	√		
4. The Department should ensure that follow up inspections are completed in a timely manner to ensure that violations have been corrected.	√		
5. The Department should ensure that complaints received in the Department are entered into the System and appropriately addressed.	√		
6. The Department should ensure that inspection information is entered into the System and the paper copies of inspection forms are kept in the licensee files.	√		
7. The Department should ensure that warnings are entered into the System.	√		
8. The Department should ensure that information on the Department's website is current.	√		
9. The Department should develop and communicate well defined policies and procedures for the administration of pesticides control.	√		
10. Department should standardize its performance reporting requirements.	√		

**Details of Recommendations
2012 Annual Report**

Part 3.5 Newfoundland and Labrador Liquor Corporation – Regulatory Services

Entity: Newfoundland and Labrador Liquor Corporation

Recommendation	Status		
	Fully implemented or otherwise resolved	Partially implemented	Not implemented
1. <i>The Corporation should continue to work with the Department of Finance to ensure that Liquor Control Act and the Liquor Licensing Regulations are amended.</i>		√	
2. <i>The Corporation should document policies and procedures to support and guide licensing, inspection and enforcement activity.</i>	√		
3. <i>The Corporation should identify and systematically assess the risk associated with licensed premises that are to be inspected and schedule and carry out inspections of licensed premises based on assessed risk.</i>	√		
4. <i>The Corporation should continue to improve the Inspection Report and ensure that licensees are provided with a copy of the report following inspection.</i>	√		
5. <i>The Corporation should ensure that the license and inspection database is accurate.</i>	√		
6. <i>The Corporation should ensure that inspectors complete Inspection and Adverse Reports in a complete and accurate manner when required.</i>	√		
7. <i>The Corporation should issue Letters of Warning and refer identified violations to the Tribunal for enforcement when required.</i>	√		
8. <i>The Corporation should enforce the Smoke Free Environment Act.</i>	√		
9. <i>The Tribunal should ensure that the Act and Regulations are enforced in a consistent and timely manner.</i>	√		

Details of Recommendations 2012 Annual Report

Part 3.6 Health Line

Entity: Health and Community Services

Recommendation	Status		
	Fully implemented or otherwise resolved	Partially implemented	Not implemented
1. <i>The Department should evaluate the effectiveness of the HealthLine and whether its program objectives are being met prior to the expiration of the contract with the current service provider in 2014.</i>	√		
2. <i>The Department should consider the development and implementation of a process that would allow them to access the extent to which callers follow the advice provided by the HealthLine.</i>	√		
3. <i>The Department should consider the actual and reasonably anticipated call volumes in any future request for proposals for service providers to operate the HealthLine.</i>	√		
4. <i>The Department should conduct surveys to determine the overall public awareness of the HealthLine service. Furthermore, based on the results of the public survey the Department should consider what measures can be taken to increase utilization of the HealthLine service by underrepresented demographic groups or regions identified in the survey.</i>	√		
5. <i>The Department should consider the use of the easily recallable “811” number that has been specifically reserved by the CRTC for teletriage/telehealth services.</i>	√		
6. <i>The Department should consider undertaking its own quality assurance reviews.</i>	√		
7. <i>The Department should consider undertaking its own review of the service provider’s confidentiality practices.</i>	√		

Details of Recommendations 2012 Annual Report

Part 3.7 Newfoundland and Labrador Centre for Health Information

Entities: Newfoundland and Labrador Centre for Health Information
Health and Community Services

Recommendation	Status		
	Fully implemented or otherwise resolved	Partially implemented	Not implemented
Newfoundland and Labrador Centre for Health Information			
1. <i>The Centre should conduct and document job competitions for all job postings.</i>	√		
2. <i>The Centre should ensure compensation policies are consistent with those of Government.</i>	√		
3. <i>The Centre should ensure Centre policy is followed regarding: an effort to hire at step 1 prior to upscale hiring, reclassification documentation required, and amounts paid to terminated employees.</i>	√		
4. <i>The Centre should consider whether a position vacancy can be filled with a permanent or temporary salaried hire prior to a decision to outsource work to a consultant.</i>	√		
5. <i>The Centre should recommend selection criteria that could be considered by the Lieutenant-Governor in Council when making appointments to the Board.</i>	√		
Health and Community Services			
1. <i>The Department should provide a designate to be the departmental representative on the Board.</i>	√		
2. <i>The Department should ensure that a chairperson is appointed by Lieutenant-Governor in Council to fill the vacancy that has existed since September 2011.</i>	√		
3. <i>The Department should consider current frameworks for effective governance and whether the CEO of the Centre should be a voting member of the Board.</i>	√		

**Details of Recommendations
2012 Annual Report**

Part 3.8 Western Regional Health Authority

Entity: Western Regional Health Authority

Recommendation	Status		
	Fully implemented or otherwise resolved	Partially implemented	Not implemented
1. <i>The Authority should ensure compensation and recruitment practices are in accordance with Authority and Government policy.</i>	√		
2. <i>The Authority should maintain adequate documentation in competition and personnel files.</i>	√		
3. <i>The Authority should have all job positions approved by Human Resource Secretariat.</i>	√		
4. <i>The Authority should calculate employee compensation accurately.</i>	√		
5. <i>The Authority should monitor and record employee leave and overtime in accordance with Government and Authority policy, and collective agreements.</i>	√		
6. <i>The Authority should comply with Government's travel rules by ensuring travel claims are complete and documentation of approval is maintained.</i>	√		
7. <i>The Authority should comply with Government's relocation policy for all employees and ensure that return-in-service agreements are signed and approved.</i>	√		
8. <i>The Authority should control and monitor expenditures to identify inappropriate and unnecessary expenditures.</i>	√		
9. <i>The Authority should adhere to the Board's by-laws.</i>	√		
10. <i>The Authority should put processes and procedures in place to comply with the Public Tender Act and Regulations.</i>	√		
11. <i>The Authority should develop and implement policies and procedures for the identification, recording, controlling and monitoring of capital assets.</i>		√	

Details of Recommendations 2012 Annual Report

Recommendation	Status		
	Fully implemented or otherwise resolved	Partially implemented	Not implemented
12. <i>The Authority should control and monitor vehicle expenditures including fuel credit cards and insurance.</i>	√		
13. <i>The Authority should review and formalize its properties leasing arrangements and comply with its Residential Property Guidelines.</i>	√		
14. <i>The Authority should adhere to the Heating Oil Storage Tank System Regulations, 2003 on fuel tank registration.</i>	√		

Part 3.9 Monitoring of Municipalities

Entity: Municipal Affairs

Recommendation	Status		
	Fully implemented or otherwise resolved	Partially implemented	Not implemented
1. <i>The Department should ensure budgets and financial statements are submitted in compliance with the Municipalities Act, 1999.</i>	√		
2. <i>The Department should ensure a time frame is established for the inspection of all municipalities to ensure compliance with the Municipal Affairs Act.</i>	√		
3. <i>The Department should consider establishing performance measures and reporting requirements for all areas related to the monitoring of municipalities.</i>	√		
4. <i>The Department should consider establishing operational plans for all divisions of the Municipal Support and Policy Branch.</i>			√
5. <i>The Department should ensure the total liability for municipal long-term debt is monitored and reported upon.</i>	√		

**Details of Recommendations
2012 Annual Report**

Recommendation	Status		
	Fully implemented or otherwise resolved	Partially implemented	Not implemented
6. <i>The Department should ensure the arrears on all municipal debt are tracked and monitored.</i>	√		
7. <i>The Department should ensure information relating to budgets, financial statements and municipal inspections are properly recorded in the MIMS database.</i>	√		
8. <i>The Department should develop and communicate well defined policies and procedures covering the monitoring of municipalities.</i>	√		

Part 3.10 Special Assistance Grant Program

Entity: Municipal Affairs

Recommendation	Status		
	Fully implemented or otherwise resolved	Partially implemented	Not implemented
1. <i>The Department should finalize program guidelines for the Special Assistance Grant Program.</i>		√	
2. <i>The Department should make the guidelines available on the Department's website.</i>			√
3. <i>The Department should comply with the guidelines in a consistent manner.</i>			√

Details of Recommendations 2012 Annual Report

Part 3.11 Forestry Industry Diversification Program

Entity: Forestry and Agrifoods Agency

Recommendation	Status		
	Fully implemented or otherwise resolved	Partially implemented	Not implemented
1. <i>The Department should ensure project proposals are properly assessed before being approved to ensure all projects meet the criteria established for funding, required documentation is received and the long-term viability of a project is supported.</i>	√		
2. <i>The Department should confirm all sources of funding prior to project approval.</i>	√		
3. <i>The Department should develop Program guidelines that address the eligibility of expenses related to timing, HST, and related parties.</i>	√		
4. <i>The Department should comply with Program guidelines related to funding percentages.</i>	√		
5. <i>The Department should monitor the underlying conditions within each Offer of Funding to ensure conditions are being met.</i>	√		
6. <i>The Department should monitor and report on Program and project outcomes to ensure that Program objectives are being met and actual project results are in line with expected project results.</i>	√		

**Details of Recommendations
2012 Annual Report**

Part 3.12 Government Purchasing Agency - *Public Tender Act* Exceptions

Entity: Service NL

Recommendation	Status		
	Fully implemented or otherwise resolved	Partially implemented	Not implemented
1. <i>The Government Purchasing Agency should inform heads of the non-departmental bodies when Form Bs are submitted late.</i>	√		
2. <i>The Government Purchasing Agency should institute a system for reporting Form Bs that achieves compliance with the Act.</i>	√		
3. <i>The Government Purchasing Agency should ensure that Form Bs are date stamped upon receipt.</i>	√		
4. <i>The Agency should improve its clarification and adjudication procedures of Form Bs.</i>	√		
5. <i>The Agency should ensure files possess sufficient documentation supporting both the adjudication process and the rationale supporting the tender exception.</i>	√		
6. <i>The Agency should address both the challenge and opinion letter to the heads of the government funded bodies.</i>	√		
7. <i>The Agency should develop a system for monitoring the key risk factors pertinent to the application and reporting of tender exceptions.</i>	√		
8. <i>The Agency should incorporate these risk factors into the development of an annual risk-based Audit Schedule.</i>		√	
9. <i>The Agency should conduct follow-up audits after the initial audit to determine compliance.</i>			√

Details of Recommendations 2012 Annual Report

Part 3.13 Insurance Adjusters, Agents and Brokers Regulation

Entity: Service NL

Recommendation	Status		
	Fully implemented or otherwise resolved	Partially implemented	Not implemented
1. <i>The Department should ensure that licensing is in compliance with the Act and Regulations including annual filing requirements, sponsorship requirements, and terminated license requirements.</i>		√	
2. <i>The Department should enforce the licensee financial reporting requirements by the required deadlines and review the reports to ensure compliance with requirements.</i>	√		
3. <i>The Department should develop a risk based system to identify, assess and document the risk for each licensee to determine the priority and frequency of examination activity.</i>		√	
4. <i>The Department should perform on-site examinations of licensees, in accordance with the risks identified, to ensure compliance with the Act, Regulations, and related policies.</i>		X	
5. <i>The Department should establish performance measures and reporting requirements for all areas of Financial Services Regulation</i>			X
6. <i>The Department should create an operational plan for the Financial Services Regulation Division</i>			X
7. <i>The Department should develop and communicate documented policies and procedures for all areas of financial services regulation, including the ALERT system.</i>		√	
8. <i>The Department should review the ALERT system's structure to ensure data accuracy and validity.</i>		√	

Details of Recommendations 2012 Annual Report

