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## Update on Prior Years' Report Items

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### Update

In October 2005, we contacted the Department of Municipal Affairs requesting an update as to the progress on the comments and recommendation included in our 2003 report. The information provided by the Department in response to our request is outlined below.

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#### **2003 Recommendation**

*The Department should comply with its guidelines for the Disinfection Assistance Program.*

#### **Action Taken**

The Department indicated that it makes every effort to comply with the guidelines. It was noted that the Disinfection Assistance Program no longer exists; however, funding is still being provided for projects that were previously approved under this initiative. Funding for new municipal chlorination projects are extended through the ongoing Municipal Infrastructure Program.

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### **3.2.22 Special Assistance (2003 Annual Report, Part 2.33)**

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#### **Introduction**

In 2003, we performed a review of special assistance at the then Department of Municipal and Provincial Affairs. The special assistance program is intended to provide grants to municipalities to assist them in dealing with emergencies of a health and/or life safety nature, general emergencies, and other initiatives as well as to assist municipalities which are experiencing financial difficulties. For the year ended 31 March 2003, expenditures for special assistance to municipalities and other entities totaled \$5.9 million. The objective of our review was to determine whether the Department was administering special assistance for purposes authorized by the Legislature and in accordance with Program Guidelines.

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### Conclusions from our 2003 review

As a result of our review we concluded the following:

Special assistance was budgeted under the Municipal Finance Assistance Program of the then Department of Municipal and Provincial Affairs to provide assistance to municipalities and other entities. Given the Department's focus on municipalities, it would be reasonable to expect that the majority of this assistance would relate to municipalities and in 1999, 2000, and 2001, the majority of assistance did relate to municipalities. However, in 2002 only 46% of funding related to municipalities and in 2003, only 47% of the funding related to municipalities. Special assistance funding to municipalities has decreased significantly since 1999 when 79% of the funding was provided to municipalities. In my opinion, the funds provided for in this account were not used for the purpose authorized by the Legislature and, therefore, the Department contravened the *Financial Administration Act*.

The Department was not complying with the Program Guidelines. In particular, our review of 110 approved projects indicated the following:

- Recommendations of the Department's Executive Committee, comprised of the Deputy Minister and the Assistant Deputy Ministers, were not documented; therefore, we could not determine whether funding decisions for any of the projects reviewed for the year 31 March 2003 were assessed and approved by the Committee.
- Projects were not always approved by the then Minister of Municipal and Provincial Affairs as required.
- Project files did not always contain the required analysis or recommendation from the appropriate regional office or, where applicable, the Fire Commissioner's Office.
- Project sponsors did not always submit the required documentation to support how funding was spent.

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### 2003 Recommendation

*The Department should comply with the Financial Administration Act and with Program Guidelines established for special assistance.*

### Action Taken

The Department indicated that it is complying with the *Financial Administration Act*. Funding for special assistance is budgeted under what is known in Government Program Structure as an activity. This is the level at which the House of Assembly votes funding and is the level used for appropriation control. This activity provides for payment of special assistance grants to municipalities and other entities. All payments from special assistance have been properly authorized by the Legislature. All expenditures from special assistance are made under the authority of the Department of Municipal Affairs.

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## Department of Natural Resources

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### 3.2.23 *Mining Act* (2003 Annual Report, Part 2.29)

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#### Introduction

In 2003, we performed a review of mining and quarry leases in the Province. The objective of our review was to determine whether lessees were complying with the *Mining Act* and *Mining Regulations*, in particular whether lessees had:

- submitted a development plan;
  - submitted a rehabilitation and closure plan;
  - provided the required financial assurance; and
  - submitted reports on mining operations for both the upcoming and the preceding years on an annual basis (operating plans and annual reports).
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