

by not recording the \$32,278 paid to the agency of record as an expenditure.

Furthermore, the acceptance of in-kind contributions is inappropriate and is not in accordance with the spirit and intent of the *Financial Administration Act*.

Officials of the Department informed us that the in-kind contributions totalling \$16,375 consisted of airline credits of \$10,000 and vacation package credits of \$6,375. In-kind contributions are very difficult to control and are open to misuse. We found controls over the in-kind contributions to be severely lacking. After several inquiries to Departmental staff, we were informed that there was no documentation available for 2002-03 and any prior year as to who used the in-kind credits. The lack of documentation regarding these credits is of considerable concern.

2.35 Newfoundland and Labrador Legacy Nature Trust

On 22 March 1999, the Minister of Forest Resources and Agrifoods announced the establishment of the Newfoundland and Labrador Legacy Nature Trust, an incorporated non profit agency with a mandate to raise funds nationally and internationally to finance conservation projects in Newfoundland and Labrador.

On 14 September 1999, the Newfoundland and Labrador Legacy Nature Trust was incorporated by a founding committee of individuals from various sectors of the provincial environmental movement. On 7 March 2000, the Province entered into an agreement with the Trust and paid the Trust \$1 million in seed funding.

The Department of Forest Resources and Agrifoods contravened the *Financial Administration Act* in providing the \$1 million to the Trust through the use of a special warrant. The special warrant was issued in March 1999 and was indicated to be required on an urgent basis. However, the Trust did not exist at that time and in fact was not incorporated until September 1999, and the \$1 million cheque was not paid to the Trust until almost a year later in March 2000.

One of the main objectives of the Trust is to raise funds for conservation in the Province and match conservation needs with sources of support. Although the Trust had established a fundraising target totalling \$465,000 for 2001 and 2002, it only raised \$5,500 in project funding from outside sources. To the end of 2002, the Trust has spent \$301,435 on administration since being incorporated in September 1999.

In June 2003 the Deputy Minister of Tourism, Culture and Recreation wrote the Trust of the Minister's decision to reallocate approximately \$500,000 of the Trust to another environmental organization. The matter is still not fully resolved.

Government has not adequately monitored Trust activities. Government appointed a Board member to represent the Province's interest in the Trust; however, this Board member has attended only six of the seventeen Trust Board meetings. As well, the Trust Agreement requires the submission of annual reports to the Minister. At the time of our review in September 2003, the last annual report submitted to the Minister was for the year ended 31 December 2000. I do note however that on 27 October 2003, the Trust submitted an annual report for 2002. No annual report was provided for 2001.

2.36 Bridge Inspections

The Department of Works, Services and Transportation has a bridge inspection policy; however, it is not documented and there is no documented approval of the policy. The bridge inspection policy is not risk based; instead, the policy is to inspect bridges six metres or longer every two years. A bridge may be inspected more frequently if the Bridge Office is made aware of safety issues; however, this is a reactive inspection and not proactive based on bridges with the highest degree of risk for safety. Contrary to the Department's policy to inspect bridges six metres or longer every two years, 379 of the 715 bridges requiring such inspection have not been inspected within the past two years. Furthermore, 47 of these 379 bridges had an overall rating showing that they were in a poor or unsafe condition and 39 of the 379 bridges did not have an overall rating.

The Department does not have documented guidelines to assist the five regional engineers and six bridge engineers when completing bridge inspections to ensure that inspections are consistent among