

Our current review indicated that: documented policies and procedures were not in place and those informal policies which were in place were not always followed; licences were not issued in accordance with existing Departmental policy; responsibilities and accountabilities for the Government Service Centres were not documented; weaknesses in controls over recording accounts receivable from vendors have resulted in the Department being unable to determine accurate receivable balances for collection purposes; information on vendors and the details of the number and type of licences sold from year to year has not been maintained; and collection activity has been minimal. In June 2003, due in part to the lack of information supporting accounts receivable balances, the Department wrote off \$130,000 in receivables.

Effective 1 April 2004, Government implemented a prepayment system for issuing licences and directed the Department of Environment and Conservation to report back on the results of this change.

### **2.38 Government Owned Buildings and Properties**

Government owned buildings are in need of significant repairs. In January 2004, the Department of Transportation and Works projected that it needed \$261 million over 20 years in order to keep Government's buildings maintained and to extend their useful life. Furthermore, the Department indicated that it needs \$173 million of the \$261 million within the next five years.

Officials at the Department have expressed concern about the lack of funding provided to maintain Government's buildings. These concerns date back as far as April 1998 when a Departmental review indicated that *"...the current dilemma is that there is insufficient money in the present budgets to perform the normal level of maintenance and improvements required, particularly on the exterior envelopes of buildings."* The review concluded that *"...40% of the buildings will encounter premature failure of major components or the building itself and will require replacement at an earlier time than the normal predicted economic life."*

Over the past five years the Department has requested a total of \$25.3 million for maintenance funding and it has received \$23.4 million. Also over this period the Department has requested a total of \$55.0 million for capital alterations and improvements and has received only \$21.9 million. As a result, the required work is not being performed and therefore the condition of the Government buildings is deteriorating.

The Department's database of buildings is not complete in that the age of the building is not always indicated. As a result, it is not possible to calculate the overall average age of the buildings.

The Department does not use a risk based system to identify and prioritize its maintenance work. Instead, each of the four Regional Directors sets the priorities for the allocation of the maintenance funding within their Region. As a result, there is no Province-wide risk or priority basis for what work is performed with the funding provided.

Although the Department has started to assess the condition of Government buildings, the process is far from complete. As a result, the Department does not have the information necessary for a comprehensive plan to address the nature, amount and timing of future capital expenditures.

Government has a number of significant vacant buildings, e.g. the old Janeway, the Grace General, and the Miller Centre. The Department does not have a plan to devolve Government of its vacant buildings. Government's vacant buildings have a total area of 66,500 square metres and an estimated replacement cost of \$149 million.

### **2.39 Hull 100**

The Department of Transportation and Works is responsible for the Province's ferry operations. For the year ended 31 March 2004, the Province spent \$48.7 million on ferry operations and collected \$24.9 million in revenues. In previous years we have reported on expenditures related to the refit of Hull 100. For the year ended 31 March 2004 the refit of Hull 100 represented 8% (2003 - 5%) of the Department's ferry operations expenditures.