



# REPORT OF THE AUDITOR GENERAL

To the House of Assembly



Summary

For the Year Ended  
31 March 2008



**Office of the Auditor General**  
*Newfoundland and Labrador*

**Newfoundland and Labrador**

**January 2009**

# Summary

Report of the Auditor General  
to the House of Assembly

*Reviews of Departments and Crown Agencies*

**for the Year Ended  
31 March 2008**

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### Preface

This document is presented as a summary of the *Report of the Auditor General to the House of Assembly on Reviews of Departments and Crown Agencies for the Year Ended 31 March 2008*. That Report contains approximately 440 pages of conclusions, commentary, recommendations and auditees' comments.

This document contains summary information on each chapter included in the Report. Information for Chapter 2 has been copied verbatim from the Highlights sheets that are located at the beginning of each Part in Chapter 2. When readers identify a topic of interest, we encourage them to read the relevant section in the Report.

### Introduction

The *Report of the Auditor General to the House of Assembly on Reviews of Departments and Crown Agencies for the Year Ended 31 March 2008* was prepared in compliance with Section 12 of the *Auditor General Act*. Section 12 requires that the Report outline significant matters noted during the course of examining the accounts of the Province, agencies of the Crown and other entities which, in our opinion, should be brought to the attention of the House of Assembly.

Comments on the audit of the financial statements of the Province will be contained in a separate report entitled *Report of the Auditor General to the House of Assembly on the Audit of the Financial Statements of the Province for the Year Ended 31 March 2008* which will be submitted to the Speaker of the House of Assembly when ready. A *Report on the Activity Plan (Transition) for the Year Ended 31 March 2008* was submitted to the Speaker of the House of Assembly on 29 August 2008.

## Chapter 1

### Reflections of the Auditor General

This Chapter provides an introduction to the Report as well as an overview of specific issues identified by the Auditor General.

## Chapter 2

### Comments on Audits and Additional Examinations

#### Part 2.1

#### LEGISLATURE

#### Update on the Review of Constituency Allowance Claims

In January 2006, we started audit work at the House of Assembly establishment which was focused on constituency allowance claims by Members of the House of Assembly (Members). In July 2006, the Lieutenant-Governor in Council requested that we expand our review of constituency allowance claims for Members of the House of Assembly back to 1989-90. Overall, we identified excess constituency allowance claims totalling \$1.6 million, instances of inappropriate claims totalling \$2.2 million and instances of inadequate documentation totalling \$5.4 million.

#### What We Found

The House of Assembly establishment concluded, based on legal advice, that it could recover only amounts relating to double billings. The Department of Finance is pursuing the recovery of excess constituency allowance claims. As a result, there was no action taken by the House of Assembly to recover other amounts identified as inappropriate in the report from the Office of the Auditor General in September 2007. Therefore, amounts recovered to date related to any inappropriate claims other than double billings have been made voluntarily by the Members of the House of Assembly.

In addition to the action taken by the House of Assembly, in May 2007, the Attorney General filed Statements of Claim on five former Members of the House of Assembly and the former Director of Financial Operations.

Our review indicated the following as at 30 September 2008:

**Double Billings:** Of the 88 Members with double billings totalling \$212,108, 14 still have outstanding balances totalling \$36,764 and only 4 of the 14 with outstanding balances totalling \$14,036 have made arrangements to repay. No interest is being charged on amounts owing.

**Special Payment of \$2,875:** Seven of the 46 Members who received the \$2,875 special payment in May 2004 have neither chosen to repay, nor make arrangements to repay the amount. Furthermore, the House of Assembly has not contacted the Canada Revenue Agency to determine whether the \$2,875 special payment should be considered a taxable benefit for the Members who have chosen not to repay the amount.

**Personal Items:** Of the 57 Members with expenditures related to personal items totalling \$161,947, only 3 with balances totalling \$67,703 have chosen to repay \$45,263 of the expenditures.

**Alcohol-only Purchases:** Of the 57 Members who claimed alcohol-only purchases totalling \$118,806, only 3 Members have chosen to repay their balances totalling \$35,942.

**Excess Discretionary Allowances:** Of the 33 Members who had excess discretionary allowances totalling \$201,219, none have chosen to repay their excess allowances.

**Inappropriate Vehicle Mileage:** Of the 4 Members with inappropriate vehicle mileage claims totalling \$57,872, none have chosen to repay their claims.

**Donations:** Of the 108 Members who claimed donations totalling \$1,471,108, only 1 Member chose to repay their donation claim totalling \$90.

**Travel Claim Inconsistencies:** One of the 2 Members, with inconsistencies between travel claims and other expenses totalling \$6,806, paid \$2,047 along with providing additional documentation to settle their total balance of \$3,166.



## Part 2.2

### **EXECUTIVE COUNCIL**

#### Office of the Chief Information Officer

The Office of the Chief Information Officer (OCIO) was established in April 2005, bringing together the information technology operations of Government into a central organization. The OCIO supports more than 100 commercial software applications and over 500 custom built applications. These applications are on over 600 servers and delivered to 6,300 personal computers. The OCIO had expenditures of \$61.1 million in 2007-08.

### **What We Found**

We identified a number of concerns at the OCIO as follows:

**Backup and Recovery:** There could be instances where either not all critical information is being backed up or storage media and devices may not be useable in the event of a fire or other disaster.

**IT Security:** The OCIO has not established charts of authority for all applications which it supports. As at 31 March 2008, there were only 165 charts of authority completed out of a total of 427 applications supported by the OCIO. An additional 194 of the 427 were completed up to October 2008. As a result, there is an increased risk of unauthorized access to Government systems and data.

**Service Level Agreements:** As of 31 March 2008, there were no Service Level Agreements in place between the OCIO and client departments. As a result, roles and responsibilities of the OCIO and departments are not set out and there is no agreement with clients on security and disaster recovery processes, expectations, and reporting requirements.

**Professional Services Contracts:** In relation to three long-term professional services agreements covering the period 1 April 2007 to 31 March 2010, there was, among other findings, no competitive bidding process in place to ensure the most qualified vendor performed the work at the lowest cost.

**IT Hardware and Software:** Controls over the recording and monitoring of IT hardware are not adequate and the OCIO is not complying with Government's Financial Management Policy on IT asset inventory. In addition, the OCIO does not have a system for monitoring software licensing and usage. As a result, the existence and use of unlicensed software throughout Government could go undetected and there is a risk of purchasing too many software licenses.

**Information Management:** Although the OCIO's 2007-08 Annual Report to the House of Assembly indicated that its Information Management Policy Framework was adopted in 2007, we found that, as at October 2008, the Information Management Policy Framework was still only in draft form.

**Purchasing:** The OCIO violated the *Financial Administration Act* in that there were 5 instances totalling approximately \$651,800 where goods and services were ordered and received without the prior issuance of a purchase order and the prior recording of the commitment in Government's financial management system.

**Planning and Reporting:** There were no operational plans for four of the OCIO's five divisions. In addition, the required quarterly monitoring reports are not always prepared.

**Training Plan:** Although the OCIO has a goal to improve information management practices in Government through the development and delivery of information management training, a training plan has not yet been developed.

## Part 2.3

### **DEPARTMENT OF EDUCATION**

Conseil Scolaire Francophone Provincial  
de Terre-Neuve-et-Labrador

The School District is one of five school districts in the Province. The School District provides educational services to 223 students located in five schools and, during 2007-08, employed approximately 77 instructional and administrative staff on a full or part-time basis. All school districts are required to comply with Government's personnel, compensation, purchasing and public tendering policies.

### **What We Found**

As a result of our review, we identified instances of non-compliance with Government's policies with regard to human resources, purchasing and capital assets. Details of our findings are as follows:

#### **Human Resources**

The School District did not always comply with Government's hiring and compensation policies. For example:

- we reviewed four job competitions and found that the required files were not there for three of the competitions and the file for the fourth competition was incomplete. As a result, the School District could not demonstrate that the job competitions were fair and equitable as required by Government policy; and
- we reviewed four employee positions to determine whether Treasury Board approved the position classification and found that there was no Treasury Board approval for these four positions.

#### **Goods and Services**

- *Public Tender Act:* The School District did not always comply with the *Public Tender Act* and *Regulations*. We identified six purchases over \$10,000 totalling \$77,745, which were not publicly tendered and nine purchases \$10,000 and less totalling

\$42,196, which did not have three quotes or documentation that a fair and reasonable price was obtained.

- *Inadequate Documentation:* We identified that there was not adequate documentation relating to a transaction with HuVo Inc., a company which is also a tenant of the School District. In April 2007, the School District purchased 14 computers totalling \$4,900 from HuVo Inc. We found that no quotes were obtained for this purchase. In addition, an official at the School District provided an invoice from an Ontario company indicating that HuVo Inc. purchased the computers from that company in February 2007 and sold them to the School District at exactly the same price. However, no explanation was provided as to why the transaction occurred in this way.
- *Travel and Relocation:* We identified a number of issues relating to travel claims. For example, there were 16 instances where an incorrect mileage rate was used on a travel claim and one instance where a car allowance was paid. In addition, travel claims did not always have the time of departure and arrival, and the travel claims were not always approved. We also identified issues with relocation expenditures. For example, none of the 18 employees reviewed had the required agreements in place and the School District's policy for paying employees lump sum payments was not consistent with Government policy – 15 of the 18 received lump sum payments. Lump sum payments were not included on the employees' T-4 slips.

## **Capital Assets**

The School District does not adequately control capital assets. In particular it does not tag its capital assets or record all capital assets in a ledger. In addition, no periodic inventory counts were performed and not all capital assets were reconciled to the financial records. As a result, missing assets may not be detected.

## Part 2.4

### **DEPARTMENT OF EDUCATION**

#### Monitoring Air Quality in Schools

The Department of Education (Department) and the five school districts (Labrador, Western, Nova Central, Eastern and Conseil scolaire francophone provincial) in the Province, through the *Executive Council Act* and the *Schools Act, 1997* respectively, each have responsibility for monitoring the construction and maintenance of schools. This includes monitoring air quality. Poor air quality is associated with many ailments such as headaches, tiredness, dizziness and/or nausea. In a school system, poor indoor air quality can adversely affect the health, attendance and academic success of students, teachers and staff.

#### **What We Found**

Based on the results of annual school inspections, enhanced inspections undertaken in 2007 and tests associated with prior initiatives, there is evidence to suggest that there are issues in schools with regards to air quality. For example: the annual inspections performed at 270 schools during 2007 identified issues related to air quality at 150 schools and the enhanced inspections of 26 highest risk schools performed during 2007 identified issues related to air quality at all 26 schools inspected. Potential issues identified in both types of inspections included such things as ventilation, mould and mildew, leaks and stained ceiling tiles.

Not all planned inspections and/or initiatives were completed. For example: the Department of Government Services is not always completing the required annual school inspections; 186 of 229 schools identified in 2004 as requiring an inspection for asbestos have never had assessments performed by the school district; and 43 schools in operation in 2007-08 have never been tested for air quality even though they were part of an initiative to do so in 1998. Furthermore, 177 schools in operation in 2007-08 have not been tested since 1998.

Issues relating to air quality were not always addressed in a timely manner. Although issues relating to air quality were identified every year in annual inspections, quite often the issues were not addressed and recurred from year to year at the same school. For example, 26 of 150 annual inspection reports for 2007 identified the same issue(s) that had been identified in previous annual inspection reports, some as far back as 2004. These issues include mould and mildew problems, stained ceiling tiles, ventilation issues and leaks.

Carpets and chalkboards continue to be used in schools even though these were identified as contributors to dust and poor air quality in schools in the 1998 air quality testing. For example, for schools in operation in 2007-08, 42 still had either wall-to-wall carpets or pieces of carpet and 92 of 121 schools in the Eastern District still have some chalkboards.

Our review identified ventilation issues in 56 of the 283 schools open in 2006-07. Issues with mechanical ventilation systems include inoperable, unclean and blocked ventilation systems and poor ventilation in specific classrooms such as computer and chemistry labs, and industrial arts rooms. Furthermore, issues were identified with regards to natural ventilation including windows that could not be opened because they had been sealed shut, missing handles, missing or broken screens and classrooms without windows or other ventilation.

There were a number of procedural and system issues with regards to monitoring issues related to air quality. For example: neither the Department of Government Services nor the school districts have a centralized database to track annual school inspections and any issues identified during those inspections; the Department of Government Services does not have a documented school inspection policies and procedures manual to assist the Environmental Health Officers in their annual inspections of schools; and neither the Department of Education nor the school districts have policies and procedures to ensure issues related to air quality are monitored and followed up.

## Part 2.5

### DEPARTMENT OF EDUCATION

#### Monitoring Private Training Institutions

A private training institution is defined under the *Private Training Institutions Act* and *Regulations* as a facility used for the purpose of providing instruction or training in a vocation and a course of study whether by correspondence or home study course that has a duration of 50 or more instructional hours. The *Act* and *Regulations* govern the operations of private training institutions in the Province and require that all private training institutions be registered on an annual basis. Registrations expire on December 31 of each year. When institutions renew their registration each year, they must provide documentation such as audited financial statements, a copy of the required security bond, and names and addresses of all instructors. The Department of Education (Department) is responsible for ensuring that registered private training institutions operate within the *Act* and *Regulations*.

#### What We Found

The Department and many of the private training institutions are not in full compliance with the requirements of the *Act* and *Regulations*. During our review we identified issues such as:

**Three Year Program Reviews:** Contrary to the *Regulations*, the Department has never completed a three year review of the programs offered by any private training institution.

**Annual Compliance Visits:** Contrary to Departmental policy, annual compliance visits are not performed on all campuses. In 2007, 6 of the 26 campuses with students did not have a compliance visit completed. In addition, contrary to Departmental policy, a report outlining the results of each annual compliance visit was not always provided to the campus.

**Instructor Approval:** Not all instructors at the private training institutions have been approved by the Department as required under the *Regulations*. In addition, not all approved instructors had completed all of the courses necessary to receive the required Post Secondary Instructor's Certificate.

**Registration renewal of Private Training Institutions:** Contrary to the *Act*, which requires registration renewal applications to be submitted on or before December 31 each year, the Department's Operations Manual (which is provided to all institutions) indicates that the renewal applications are to be submitted on or before January 31 of the following year. As a result, while institutions may be in compliance with requirements established by the Department, they can still be in contravention of the requirements of the *Act*. In 2008, there were 12 institutions (2007 – 19 institutions) which did not provide all the registration renewal information by the January 31 deadline established by the Department. With regards to the December 31 deadline in the *Act*, in 2008, there were 24 institutions (2007 – 23 institutions) which did not meet the deadline.

**Audited Financial Statements:** Not all private training institutions are providing audited financial statements three calendar months after their respective year-end dates as required under the *Regulations*. In 2007, only 2 of the 25 private training institutions (2006 – 1 of 25) submitted their financial statements within three months of their year end. In 2007, the private training institutions were, on average, 75 days past the required date of filing their audited financial statements. In 2006, the private training institutions were, on average, 126 days past the required date of filing their audited financial statements.

**Security Bonds and Train Out Fund:** The Department has not instructed private training institutions to have their auditors provide net tuition revenue on the audited financial statements. Although some financial statements include this information, when it is not included, the registration renewal forms have to be used. As a result, when registration renewal forms have to be used, the information used in the calculation is not subject to any third party verification.



## Part 2.6

### **DEPARTMENT OF ENVIRONMENT AND CONSERVATION**

#### **Multi-Materials Stewardship Board Used Tire Recycling Program**

The Multi-Materials Stewardship Board (MMSB) operates under the authority of the *Environmental Protection Act*. MMSB develops, manages, and administers Provincial waste diversion programs as prescribed in the *Waste Management Regulations, 2003 (Regulations)* or as authorized by the Minister of Environment and Conservation. Part III of the *Waste Management Regulations, 2003* specifies requirements for the Used Tire Recycling Program (Program), the intent of which is to collect, process, and market processed used tires.

### **What We Found**

We have concluded that the MMSB has not been able to ensure that the objectives of the Program have been met. Since the Program's inception in April 2002, there have been two failed attempts at contracting out the combined used tire collection, transportation, and processing/recycling functions with private operators. Since the MMSB took over operations of the Program in June 2004, it has put an infrastructure in place for the collection and temporary storage of used tires; however, an additional attempt to attract a private operator to take over the processing/recycling side of the operations in 2005 was also unsuccessful.

More than four years after MMSB took over the operations of the Used Tire Recycling Program as an interim measure, there is still no solution in place for the processing/recycling of used tires. In particular, our review indicated the following:

- MMSB has a used tire recovery rate of only 57% for 2007-08. This is considerably lower than their current targeted recovery rate of 70% and the 80% that would be expected in a mature market.
- At 31 March 2008, there were 1.3 million tires in stockpiles (1.2 million at Placentia and .1 million at Bull Arm) awaiting a processing solution. Since 2002, MMSB has not been able to arrange a processing/recycling solution to deal with the mounting inventory of used tires in the Province.

- There are safety concerns related to the interim storage of .1 million used tires at the Bull Arm site.
- Since the inception of the Used Tire Recycling Program in April 2002 to 31 March 2008, MMSB had tire levy revenues totalling \$8,882,000 and expenses totalling \$8,858,000, resulting in a very small surplus of \$24,000. This shows MMSB does not have the funds within this Program to pay for processing/recycling.
- As a result of the continued maintenance of a large inventory of used tires pending a solution for used tire processing, MMSB has and will continue to pay significant interim contingency costs. With no processing/recycling solution implemented, these storage costs will continue to escalate. For 2008, storage costs totalled \$663,000. Given the steady increase in the tire inventory, storage costs will continue to increase and could reach \$850,000 for 2009 and more than \$1 million for 2010.
- Under a proposed plan for an in-Province tire processing solution, one time costs of at least \$5.7 million in total are estimated for processing existing inventory, transporting aggregate to civil engineering projects, and continued interim storage costs at Placentia.

MMSB has indicated that funds required for the planned initiative are not available from the Used Tire Recycling Program and would have to be obtained from another MMSB source, most likely the Used Beverage Container Recycling Program. This means that at least in the short-term, a portion of the surplus proceeds from deposits paid by consumers on beverage containers would be needed to subsidize the Used Tire Recycling Program.

MMSB has also indicated that, under the latest proposal, existing levies charged on new tires need to be raised an estimated \$1.50 to \$2.00 per tire sold in order to sustain the continued future operations of the Used Tire Recycling Program.

## Part 2.7

### **DEPARTMENT OF ENVIRONMENT AND CONSERVATION**

#### Multi-Materials Stewardship Board

##### Used Beverage Container Recycling Program

On 15 January 1997, Government implemented a Beverage Container Control Program (Program) in the Province. The Program is managed by the Multi-Materials Stewardship Board (MMSB) which was established under provisions of the *Environmental Protection Act* and the *Waste Management Regulations*.

Under the Program, the consumer pays an environmental levy on specified beverage containers. Currently, these containers include all those containing ready-to-drink beverages of 5-litres or less, including alcoholic containers. The consumer receives a refund of a portion of the levy upon returning the beverage containers to any of the 39 established Green Depots in the Province. The Green Depot receives a handling fee for receiving and sorting the used beverage containers. The sorted containers are then transported to one of the four regional Processing Centres where they are prepared for transportation to markets in Canada and the United States.

### **What We Found**

Our review indicated that the MMSB is not achieving its targeted recovery rates with regards to used beverage containers. Although the target recovery rate in 2000 was established at 80% of containers placed into service within three years implementation of the Used Beverage Container Program, in 2003 the target recovery rate was reduced to 70%. In addition, the number of used beverage containers “not” returned has increased in the past two years. In 2006, 62.2 million beverage containers were “not” returned for recycling - the lowest number ever achieved; however, that number increased to 66.4 million beverage containers by 2008. As a result, the MMSB has not been successful in reducing the number of units that are finding their way into landfills and the environment.

MMSB officials indicated that if the recovery rates increased beyond 75%, the Program would not be financially viable. Currently, direct costs related to the recovery of used beverage containers exceed the consumer deposit and, therefore, the Program currently generates a surplus as a result of the low recovery rates i.e. high unredeemed deposits. Furthermore, while revenues increased from \$16.2 million in 2003 to \$19.5 million in 2008, an increase of 20.3%, the direct costs of delivering the Program increased from \$11.8 million in 2003 to \$15.5 million in 2008, an increase of 31.3%. As a result, revenues are not keeping pace with increases in expenditures which further jeopardize the ability of the Program to remain self-sufficient.

We identified issues with purchasing and monitoring contract requirements such as:

**Purchasing:** 2 Green Depot Operator contracts were awarded in 2007 by way of a Request for Proposal without the required approval of Cabinet to be exempt from a call for public tenders. Furthermore, neither contract had an identifiable expiry date and may continue for an indefinite period.

**Contract requirements:** information on file was limited and not complete with regards to whether the required insurance was in place for all service contracts beyond the initial year of the contract and there was no requirement for all service providers to provide proof of insurance during the term of the contract.

In addition, in 2006, as a result of an independent report commissioned by the Board of MMSB, it was identified that a number of net overpayments totalling \$212,081 occurred in the Labrador system between 2002 and 2005 as a result of weaknesses in controls. We note that, while MMSB has strengthened controls in an attempt to address the weaknesses, there is still a risk for overpayments. One Green Depot operator who received in excess of \$154,000 in overpayments identified in the 2006 report will not have their account settled until in excess of seven years.

## Part 2.8

### **DEPARTMENT OF ENVIRONMENT AND CONSERVATION**

#### Multi-Materials Stewardship Board

##### Newfoundland and Labrador Waste Management Trust Fund

The Multi-Materials Stewardship Board (MMSB) was created in 1996 with a mandate to support and promote the protection, enhancement and wise use of the environment through the development, implementation and management of effective waste management programs. In addition to administering programs such as the Used Beverage Container Program, the MMSB is responsible for the Newfoundland and Labrador Waste Management Trust Fund (Trust Fund) from which projects meeting established criteria can be approved for funding.

Project applications must relate directly to the basic objectives of waste management and include support for such things as: the development of a municipal, institutional or regional recycling program which supports existing programs approved by the Minister; the planning, development and upgrading of a regional or municipal waste management system; workshops, seminars, or educational or promotional programs or activities which would enhance waste management; community service groups, municipalities, schools and others for waste material cleanup activities; government or board initiatives for waste management; the investigation and demonstration of new technologies that would enhance waste management; and market analysis and feasibility studies related to business development opportunities resulting from a waste management activity

### **What We Found**

At 31 March 2008, the MMSB had significant funds of \$18.6 million of which \$12.5 million was included in its Trust Fund. Our review at the MMSB identified issues with Board governance and the relationship between the Department of Environment and Conservation and the MMSB, and Trust Fund issues. Details are as follows:

**Board Governance:** Contrary to good governance practice which requires that the same person not hold the offices of Chairperson and Chief Executive Officer simultaneously, at the MMSB one individual serves as both Board Chair and CEO.

**Relationship between the Department of Environment and Conservation and the MMSB:** The MMSB Strategic Plan for 2004-2010 identified a number of significant concerns relating to the relationship between the Department of Environment and Conservation and the MMSB. For example, in relation to achievement of the MMSB's organizational objectives, the Plan indicated that the *“present reporting structure/relationship between MMSB and government is not conducive to the achievement of organizational objectives”*.

**Trust Fund:** The MMSB has significant funds in its accounts and in its Trust Fund which, at 31 March 2008 totalled \$18.6 million. The MMSB continues to have annual surpluses and as a result the funds on hand continue to increase. From 1997 to 2008 the MMSB had surpluses totalling approximately \$31.2 million of which \$25.2 million was transferred to the Trust Fund. Over the same period, only \$12.9 million was used to fund approved projects.

The MMSB does not appear to be proactive and other than reviewing applications for funding, the MMSB does not itself identify or pursue any significant waste management initiatives. It focuses on educating the public on waste management and supporting regional authorities with regards to initiatives that are in line with the Provincial Waste Management Strategy.

MMSB officials indicated that without clear policy direction from Government, as MMSB has requested, they were not in a position to proceed with significant waste management initiatives.

## Part 2.9

### **DEPARTMENT OF FISHERIES AND AQUACULTURE**

#### Aquaculture Development

Aquaculture is the cultivation of aquatic plants or animals. In Newfoundland and Labrador, aquaculture activity relates mainly to finfish and shellfish cultivation. Finfish includes such species as Atlantic Salmon and Steelhead Trout (salmonids), and Atlantic Cod. Shellfish includes such species as Blue Mussels and Scallops.

The mandate of the Aquaculture Branch of the Department of Fisheries and Aquaculture (Department) is to provide for the orderly development of the Province's aquaculture sector. The Department, through its Aquaculture Branch is responsible for supporting, regulating and monitoring development of the aquaculture industry. Total expenditures for Aquaculture Development within the Department for the year ended 31 March 2008 were \$10.1 million (2007 - \$2.1 million). In addition, as at 31 March 2008, the Department had guaranteed the debt of a company in the aquaculture sector in the amount of \$6.6 million (2007 - \$6.6 million).

#### **What We Found**

We identified a number of issues that, although known by the Department, have not been addressed in a timely manner. For example, the lack of infrastructure to support the current or future aquaculture operations and the Department's failure to finalize the Aquaculture Health Management Plan. These issues will have to be addressed if the aquaculture industry is going to expand in an orderly and sustainable manner.

Details of our findings are as follows:

**Atlantic Salmon and Steelhead Trout (salmonids):** There has been an increase in investment in the salmonid aquaculture industry since our report in 2004 and the industry is expanding, with established aquaculture companies undertaking operations in Newfoundland and Labrador. However, we identified issues such as the lack of legislation and the failure to update and complete management plans and codes of practice that are necessary to support an orderly and sustainable expansion.

Our review indicated that priority issues identified in the 2005 review of the Industry Strategic Plan have still not been addressed. For example, the Department indicated that there are not enough properly located wharves dedicated to aquaculture on the south coast of the Province, that new roads will be required to access new wharves and that aquaculture development is placing a burden on existing waste management systems.

**Atlantic Cod:** The Department has done little to advance the development of Atlantic Cod Aquaculture in the Province. We found that construction of a cod hatchery ceased in 2003 due to legal issues between private industry proponents and that approximately \$1 million will be required to complete construction of the hatchery. Furthermore, the Department did not complete the strategic development, start-up and operation of a commercial scale Atlantic Cod demonstration farm as planned. Given that industry has failed to complete construction of a cod hatchery, and that there is no other cod hatchery in the Province to provide the number of cod the demonstration farm will require annually, the Department indicated it is exploring options to obtain cod from hatcheries in other parts of Atlantic Canada.

**Blue Mussels:** There is no management plan or code of practice to guide shellfish site operators in the aquaculture of shellfish in the Province. While the Department did prepare a draft document identifying investment initiatives required to expand the salmonid industry, no such document was prepared for Blue Mussels.



## DEPARTMENT OF FISHERIES AND AQUACULTURE

### Aquaculture Inspections

Inspector(s) of the Department's Fisheries Branch carry out inspections at all aquaculture sites in the Province to determine whether there is compliance with the *Aquaculture Act* and *Regulations* and Department policy. Staff of the Aquaculture Branch carry out inspections of marine cages to determine whether there is compliance with the Code of Containment. Aquaculture sites are inspected to determine whether, among other things, sites are properly maintained, located and marked so that they do not become a navigation or safety hazard; sites that were closed have been restored to their natural state by the most recent site operator; and sites with fish are contained in marine cages to prevent loss through escapement and possible harm to wild fish stocks.

### What We Found

We identified a number of issues with regards to the Department's aquaculture inspection activities. For example:

**Aquaculture Site Inspections:** The Department only completed 125 or 86% of the 146 annual inspections that were required in 2007 and officials indicated that the Department was not successful in inspecting all aquaculture sites in 2005 and 2006. In addition:

- The Department does not know whether closed aquaculture sites have been returned to their natural state as required under the *Aquaculture Act*.
- Inspectors are not accurately completing Aquaculture Site Inspection and Directive Reports (Inspection Report) and the Inspection Report is not adequate to support inspection activity. We had difficulty determining whether deficiencies and hazards did or did not exist.

- Our review of 163 Inspection Reports prepared in connection with inspections of aquaculture sites in 2007 indicated that directives are not always included in the Inspection Report to site operators to correct identified deficiencies. Contrary to Departmental policy, follow-up inspections are not always carried out to ensure identified deficiencies are corrected.
- The Department provides little guidance in its policy manuals as to what would be considered a hazard at an aquaculture site. Notwithstanding the lack of clarity with regards to the definition of a hazard, our review indicated that 30 or 18% of 163 aquaculture sites inspected in 2007 were identified as having a hazard at the time of the inspection. There was no immediate correction at any of the 30 sites and, contrary to Department policy, site operators were not asked to provide an action plan to indicate how the hazard was to be mitigated. Furthermore, we found that 16 of the 30 sites still had the same hazards noted in their 2008 annual inspection.

**The Code of Containment:** There are no established guidelines for the amount of weight to be used by site operators in the weighing of nets secured to marine cages; there are no established standards for mooring systems to hold marine cages in place; the Department has no mooring system inspection program; and there is no requirement that the Department carry out a subsurface dive inspection to ensure that site operators are maintaining cage systems in accordance with the Code.

The Department is not always carrying out the required number of annual cage systems inspections as required under its Code of Containment. Cage System Audit Reports did not always indicate whether repairs were required to cages and nets and, where repairs to cages and nets were required, compliance dates were not always given and follow-up inspections were not always indicated as being carried out.

**Aquaculture Licensing Information System:** Information recorded in the Aquaculture Licensing Information System database is neither complete nor accurate. Information entered into the system is not always captured and reports produced from the system do not always contain the information requested.

## **DEPARTMENT OF GOVERNMENT SERVICES**

### School Bus Safety

The Motor Registration Division (MRD) of the Department of Government Services is responsible for administering all activities and legislation respecting vehicles and drivers including driver licensing, vehicle registration, driver examination, and highway safety. The MRD performs inspection and enforcement activities in relation to several legislative authorities including those governing the *Highway Traffic Act*, *Motor Carrier Act*, and the *Dangerous Goods Transportation Act*. School bus inspections represent a significant portion of all vehicle inspections and are carried out in the Province by Highway Enforcement Officers in four regions.

### **What We Found**

Although there have been some improvements since our 2004 report, there is still no comprehensive school bus safety strategy plan in place. We note, however, that such a plan is being developed and is currently in draft form. In addition, we continue to be concerned about the high incidence of defects identified by Highway Enforcement Officers during school bus inspections.

During 2007-08, 864 school bus inspections resulted in 867 defects being identified - an average of about 1 defect per inspection. In addition, 113 licensed school buses were placed out of service as a result of significant deficiencies noted during the inspections. The deficiencies included such items as issues with brakes and exhaust. This is particularly significant considering that almost all school bus inspections are arranged by advance appointment. Although private contractors operated 660 (66%) of the 1,007 licensed school buses, they accounted for 92 (81%) of the 113 licensed school buses placed out of service.

Other findings include:

- MRD did not perform the required annual inspection for 3 of the 42 Official Inspection Stations operated by school bus operators for the 2008 year;

- not all Official Inspection Stations have their annual license renewed as required by the *Official Inspection Station Regulations*;
- a significant number of older licensed school buses are operating in the Province. For example, 360 (36%) were model year 1998 or older (10 years or older). The 360 licensed school buses are comprised of 323 (90%) operated by private contractors and 37 (10%) operated by school boards. Only private contractors had licensed school buses 12 years and older. There were 135 of these licensed school buses of which 98 were 12 years old, 28 were 13 years old, and 9 were 14 years old;
- deficiencies were identified with the school bus inspection program such as: surprise inspections represent a very small percentage of total inspecting; all Highway Enforcement Officers were not consistently completing the individual inspection items on the school bus inspection form as required by policy; there was no coordinated effort to ensure the optimum deployment of Highway Enforcement Officers; and there is no overall policy and procedures manual to provide guidance on all areas of the school bus inspection program. A particular area of weakness noted was with planning and assignment of school bus inspections;
- the specially designed brake meters used to test the braking efficiency of a school bus are not always being recalibrated at least every two years as required by the manufacturer; and
- in relation to the National Safety Code carrier safety rating system for commercial motor carriers within the Province, which includes school bus operators, we found that, contrary to MRD policy, for 3 school bus operators assigned a “conditional” safety rating, significant delays of 9, 8 and 5 years have occurred without a follow-up facility audit.

## Part 2.12

### **DEPARTMENT OF HUMAN RESOURCES, LABOUR AND EMPLOYMENT**

#### Provincial Nominee Program

In 1999, the Province entered into the Canada-Newfoundland and Labrador Agreement on Provincial Nominees and created the Provincial Nominee Program (PNP). Effective 1 April 2007, the PNP is administered by the Department of Human Resources, Labour and Employment (Department). From 1999 to 31 March 2007, the PNP was administered by the Department of Innovation, Trade and Rural Development. The purpose of the PNP is to nominate immigrants who can contribute to the economic and social goals of the Province. In 2007, the Province announced in its immigration strategy that it intended to significantly increase the attraction and retention of immigrants to the Province.

#### **What We Found**

The responsibility of the Province with regards to the PNP is to process applications from potential nominees, ensure that the applicants meet the criteria established by the Federal and Provincial PNP requirements and monitor the status of the nominated applicants and immigrants. We would expect the Department to monitor the investment money from nominees to determine whether the planned business venture outlined in the business plans and accompanying agreements between the nominee and the local business are realized.

Our review indicated that Government is unable to determine whether the PNP has achieved its goals of attracting and retaining immigrants to the Province and there were significant issues with regards to how the PNP was administered and monitored. Details are as follows:

- The Province does not know how many of the 530 individuals it nominated moved to Newfoundland and Labrador. Even though 214 nominees indicated that they intended to settle in the Province, the Department does not follow-up on their status and location after they enter Canada to determine whether the nominees actually settled here.
- The Department does not know what, if anything, local businesses did with the investment provided by the nominee.

From 1999 to November 2008, a total of 312 nominees either invested or indicated that they intended to invest a total of \$72.2 million in the local business community. There were very few, if any, requirements on local businesses with regards to how monies they received were to be used. For example:

- one business venture received approximately \$39.8 million from 150 nominees who contributed \$265,000 each. Although each nominee was to receive one share in the business venture which could be redeemed for an upscale chalet, the Department has no information as to how many nominees redeemed their share or how many ultimately received the chalet as outlined in the contract with the business venture.
- one business venture received approximately \$9.8 million from 49 nominees who contributed \$200,000 each. Although the money was intended to establish an Internet business website “*to educate the investing public*”, the Department has no information about the status of the intended website.
- As of April 2008, the Province had \$1.385 million held in trust related to 24 nominees. Of these 24, Citizenship and Immigration Canada’s (CIC) monthly report indicated that 19 landed in Canada and, of these 19, only 4 indicated that they intended to settle in Newfoundland and Labrador. Other than the information provided by CIC, the Province does not know the status of the 24 nominees and whether or not a refund is required.
- Contrary to the requirements of the PNP, not all required documentation was on file to support the potential nominee assessment decisions. We also identified instances where not all documentation was date stamped or had the file number noted and not all assessment forms were appropriately signed.
- The electronic database was incomplete in that not all potential nominee files were recorded and not all required applicant information was always entered into the database. As a result, the database does not readily provide useful PNP information for management purposes.

## **DEPARTMENT OF JUSTICE**

### Newfoundland and Labrador Human Rights Commission

The Newfoundland and Labrador Human Rights Commission (the Commission) is responsible for promoting an understanding of, acceptance of and compliance with the provisions of the *Human Rights Code* (the *Code*). The Commission's staff investigates complaints of discrimination and harassment. Complaints may be brought forward with respect to accommodation, services, facilities or goods to which members of the public customarily have access, the right to occupy commercial and dwelling units, discrimination in employment, and discriminatory publications. The *Human Rights Code* also guarantees equal pay for same or similar work and protects complainants and others from retaliation after filing a complaint or giving evidence in a complaint.

#### **What We Found**

The Commission has an established process for accepting and investigating human right complaints which includes standard forms for documenting complaints and procedures for investigating and approving disposition of all complaints. Our review identified a number of weaknesses related to how the Commission accepts, investigates and monitors complaints. Specifically:

- The Commission does not maintain either a manual or electronic database to record the receipt and track the final disposition of each complaint. As a result, information on the status of complaints is not readily available.
- Outstanding complaints have been steadily increasing over the past three years. As at 31 March 2008, there were 184 outstanding complaints. This is an increase of 48 cases (35%) over the 136 cases outstanding at 31 March 2006, even though the number of new cases for 2007 and 2008 had not substantially increased from 2006.
- The Commission is not addressing complaints on a timely basis. Although for the period 1 April 2008 to 31 March 2011, the Commission has established a goal of 150 days from the time a

complaint is received to the time the Commission approves a decision on the case, our review indicated that investigations completed during 2008, on average, took 585 days (19 months) to complete this process. At 31 March 2008, 85 of the 184 outstanding complaints were from 2007 or before.

- Other than occasionally obtaining a statement from a witness, investigations at the respondents' premises were rarely done. It was acknowledged that visits to the respondents' premises would provide additional evidence and better information in order to make final complaint determinations.
- As a result of the Commission not gathering all relevant information during the intake, review and assessment of the complaints, in 2008 it undertook work on 5 complaints that were outside of its jurisdiction.
- There were issues with regards to the documentation of decisions of the Commission. None of the minutes of Commission meetings were signed by either the Chairperson or the Executive Director as Secretary of the Commission, making it difficult to verify the authenticity of the Commission's decisions and not all decisions of the Commission were recorded in the minutes.

There could be a perceived conflict of interest when the Commission has to hear cases in which Government is named as a respondent given the current budget and reporting process. The Commission's budget is approved by the Department of Justice and, unlike the Canadian Human Rights Commission which reports directly to Parliament, the Commission has to provide its annual report to the Minister of Justice who is then responsible for tabling it in the House of Assembly.

There were deficiencies in the Commission's activity plan and annual report for 2008. The activity plan had no goals, objectives and measures for two of its four lines of business, and the annual report did not provide historical or targeted information necessary for a reader to assess the Commission's performance.



## Part 2.14

### **DEPARTMENT OF JUSTICE**

#### Fines Receivable

Under the *Provincial Offences Act*, the Province may issue a fine for and summarily convict an individual of an offence under any act or regulation imposed by the Government. The amount of these fines are provided for in the Acts for which a violation relates and are payable directly to the Province. The Fines Administration Division of the Department of Justice is responsible for the administration of all fines, surcharges and penalties issued.

All tickets or fines issued in the Province are forwarded to the Division within days of the offence and are entered into the Ticket Management System (TMS). Total fines receivable is composed of: Ticket Fines - tickets issued for violations of the *Highway Traffic Act* and other provincial statutes; Court Fines - fines imposed by a Provincial Court or the Supreme Court; and Third Party Fines - fines imposed by Municipalities or other authorities.

#### **What We Found**

Collection efforts at the Department of Justice relating to fines receivable require improvement. The fines receivable balance has increased in each of the last five years and at 31 March 2008 totalled \$31.7 million, an increase of \$8.3 million (35.3%) since 2004. Furthermore, the Department estimates that it will only collect approximately \$6.6 million (20.7%) of what it is owed. We found the following:

*Many of the accounts are old and considered uncollectible:*

Of the \$31.7 million in fines receivable, \$29.3 million is recorded in the Department's TMS with the majority of the remaining \$2.4 million still in the Provincial Court. The Department has determined that only \$6.6 million (20.7%) of the \$31.7 million in fines receivable at 31 March 2008 is expected to be collected while the remaining \$25.1 million (79.3%) is considered uncollectible.

There were 55,460 fines and penalties totalling \$158,145 in the database without a name identifying the debtor. Officials indicated that these fines and penalties relate primarily to vehicles registered outside the Province and the names are not available. Of these 55,460 fines and penalties, 14,767 totalling \$90,010 (56.9%) were outstanding more than 5 years.

*The Department could improve its collection efforts:*

**Judgment Enforcement Registry:** Not all accounts are being registered and collection efforts have not been initiated on all accounts that have been registered. We identified that accounts less than \$500 are not registered.

**Canada Revenue Agency (CRA):** Not all accounts are being registered with the CRA. We identified that accounts less than \$500 are not registered.

**Provincial Offences Act:** Legislative authority exists under the *Provincial Offences Act* for the creation of a program that would allow an individual to eliminate their debt by providing service to the Province. As of our review, no such program has been enacted.

**License Renewals:** Although the Crown can refuse to renew any instrument to an individual until all fines are paid, the only instruments currently considered are driver license renewals and vehicle registrations. However, there are many other Government instruments such as: hunting licenses, requests for birth certificates, MCP re-registration, and the registry of companies and deeds which could be used to encourage collections.

**Late Payment Penalties:** The late payment penalty currently imposed (minimum of \$6 and maximum of \$120) on fines that are not paid within the required time frame does not appear to encourage collection. To illustrate, 46.7% of all amounts owed are over five years old, most of which have a late payment penalty included with them. The late payment penalty is a one time charge with no interest charged for accounts that remain outstanding for extended periods.

## Part 2.15

### DEPARTMENT OF NATURAL RESOURCES

#### Oil Royalties

As at 31 March 2008, there were three producing offshore projects – Hibernia, Terra Nova and White Rose. Oil royalties of \$1.75 billion represented 25% of the Province’s revenue for the year ended 31 March 2008 (2007 - \$423 million or 8%).

The Department of Natural Resources (the Department) has established a framework for determining whether oil royalties received by the Province are complete, accurate and established in accordance with the Hibernia Agreement and the *Royalty Regulations, 2003*. This framework includes the review and assessment of monthly and annual royalty reports submitted by the project owners, externally audited cost reports submitted by the project operators and the performance of audits of royalties and costs.

#### What We Found

Our review identified issues with the framework that could result in incorrectly reported oil royalties not being detected. For example:

**Hibernia Project:** Contrary to section 26.6 of the Hibernia Agreement, the Hibernia project operator has refused to provide the Department’s audit team with access to any Internal Audit Reports and Plans, and the minutes of Hibernia Executive Committee meetings as requested. In addition, the Department concluded that transportation costs reported by the project owners for 1997 to 2000 were not in accordance with the Hibernia Agreement and requested the project owners to re-file their royalty calculations. Although the issue was first raised in December 2004 and the project owners objected to the Department’s position, the matter remains unresolved. Until the matter is resolved, the final impact on past and future royalties cannot be determined.

**Terra Nova Project:** Contrary to the requirements of the *Royalty Regulations 2003* the Department has not, in consultation with the project owners, developed any eligibility rules that would provide criteria to be used in determining what constitutes an eligible transportation cost. As a result, the Minister cannot provide the project owners with the Minister's determination of eligible transportation costs in accordance with the *Regulations*. The 7 project owners have never provided actual transportation cost information with their annual reconciliations.

**White Rose Project:** Contrary to the requirements of the *Royalty Regulations, 2003*, the transportation cost estimates (\$2.26, \$2.15, and \$2.22 per barrel) were not approved by the Minister and the Department has not, in consultation with the project owners, developed any eligibility rules that would provide criteria to be used in determining what constitutes an eligible transportation cost. In addition, the Minister did not assess the annual reconciliations within the required 60 days of receiving the annual reconciliation (i.e. 30 June).

**Audit and Monitoring Issues:** Contrary to the direction of Cabinet, the Department paid hourly rates in excess of the hourly rates stipulated in a consultant contract. At October 2008, there were 87 annual royalty and eligible project cost submissions made by project owners for which the Department has not started any audit work. No royalty or eligible project cost audits have been conducted on the Terra Nova or White Rose projects since production started in 2002 and 2005 respectively. Only the Hibernia project has had audits completed which resulted in the identification of issues and an additional \$8.66 million due to the Province. The Department's goal was to have years up to 2007 audited by 2010; however, the plan is off schedule in relation to what was planned for 2008 and, as a result, the Department will have to take measures to ensure that its plan will be met.

The Department's Audit Manual relating to the auditing of oil royalties has not been updated since 2000 and requires updating. In addition, the Department's procedures for completing desk reviews of monthly and annual reports are not documented.

## Part 2.16

### **DEPARTMENT OF NATURAL RESOURCES**

#### Seized Property

The Department of Natural Resources (the Department) is responsible for enforcement activities of the Province's *Forestry Act*, *Animal Protection Act*, *Motorized Snow Vehicle and All-Terrain Vehicle Act*, *Provincial Offences Act*, *Wilderness and Ecological Reserves Act*, *Wildlife Act* and *Endangered Species Act*. During enforcement activities Conservation Officers often seize property used in illegal activities. This property can include automobiles, all-terrain vehicles, firearms, ammunition, knives, backpacks and other miscellaneous items. Because the property can be used as evidence in court cases, it must be adequately recorded, stored and monitored. Furthermore, controls over the final disposition of seized property must be in place and followed.

#### **What We Found**

Our review indicated that controls over seized property require improvement as evidenced by the following:

- The Department could not provide information on the total number of pieces of seized property in its possession because it does not maintain either a centralized manual or computerized system to record seized property.
- Required documentation related to seizure of property was not always on file. Furthermore, the official records that were maintained were not accurate in that the required seizure receipts for 15 items were not on file, 24 items had no tags and 16 items were not recorded on violation reports. The Department has not established a system that would provide a history of all seized property in inventory.
- There are no periodic audits, inspections or managerial review of seized property. As a result, there is no check as to whether seized property is being adequately protected, and policies and procedures are being followed.

- There is no segregation of duties over seized property in that the Conservation Officer who seized the property is also responsible for its safekeeping. As a result, missing or inappropriate use of property may go undetected.
- Seized property is not always adequately stored and protected from deterioration. For example, 6 of 52 items we reviewed were stored in an outdoor compound with only a combination lock on the gate (a pickup, 2 all-terrain vehicles, 2 snowmobiles and a sleigh). As a result, property to be used as evidence may be compromised and the Department may be subject to liability if property deteriorates and has to be returned to owners.
- Individuals are not always advised at the time they are charged that a bond may be posted for the return of their seized property.
- The Department does not adequately document and promptly dispose of all forfeited property. We identified issues with the timeliness of disposal, documentation for disposal and tracking of 16 of 29 pieces of seized property, the disposition of which was directed by the courts.
- There are inconsistencies in how the Department tracks wild game meat provided to charities to serve at fundraising events. In particular, the Department did not always track where all of the meat from a particular animal was sent. As a result, the Department would not be able to alert the appropriate charitable organization should information come to their attention that would bring into question the suitability of the meat for human consumption.

## Part 2.17

### **DEPARTMENT OF NATURAL RESOURCES**

#### Inspection and Licensing of Slaughter Facilities

The Department of Natural Resources (Department), through the Animal Health Division, is responsible for the meat inspection program. This program involves mandatory licensing of slaughter facilities and the non-mandatory inspection of an animal prior to slaughter and the slaughter process of that animal. The inspection process is carried out by the Environmental Health Officers and Agricultural Inspector of the Government Service Centres (GSC) of the Department of Government Services.

During the year ended 31 December 2007, there were 23 licensed slaughter facilities in the Province. The legislative requirements of the program are outlined in the *Meat Inspection Act* and the *Meat Inspection Regulations*.

#### **What We Found**

Our review indicated that the Department is not in full compliance with the *Act* and *Regulations*. In particular, slaughter facilities were operating without a valid licence, and licences were being issued to slaughter facilities even though the facilities had deficiencies. We also identified issues with follow-up inspections and inspection documentation. Our conclusions are based on the following:

There were 19 slaughter facilities that operated for a period of time in 2007 without a valid licence. Of these 19, 12 facilities had six month temporary licences as a result of deficiencies identified in the previous inspection. Of these 12, 9 operated for a period of six months or more following the expiry of the previous licence.

In 2007, the Department issued licences to 6 slaughter facilities even though deficiencies were noted during the inspection process. Deficiencies would include, for example, hand washing not available on the kill floor, immediate cooling of meat not available and facility cleaning not being performed with the appropriate chemicals. These deficiencies were deemed to be non-critical to immediate food safety; however, they are important and are expected to be corrected. One facility with six deficiencies identified in 2006, received a licence in 2007 even though three of the six deficiencies remained. Another facility with six deficiencies identified in 2006, received a licence in 2007 even though two of the six deficiencies remained.

The required annual slaughter facility inspections were not always completed on a timely basis. At October 2008, 9 of the 20 licensed slaughter facilities had not been inspected in over a year.

Follow-up inspections at slaughter facilities where deficiencies were identified were not documented. As a result, the Department could not demonstrate that the required corrective action was undertaken either within a reasonable period of time or within the time frame specified by the Department.

The Department has not entered into a Memorandum of Understanding (MOU) with the Department of Government Services to clearly define the roles and responsibilities of both Departments relating to slaughter facility inspection services.

Inspection forms did not address all areas required under the *Regulations* and forms were not consistently completed by inspectors. In addition, the Department's policy manual did not adequately address all of the requirements of the *Act* and *Regulations*.



### Special Report

#### Report under Section 12 of the *Auditor General Act* House of Assembly

Section 12(1) of the *Auditor General Act* states that, “*The auditor general shall as he or she considers necessary but at least annually report to the House of Assembly on...(b) whether, in carrying out the work of the office, the auditor general received all the information including reports and explanations the auditor general required.*”

The requirement to provide my Office with unrestricted access to such information comes from section 17 of the *Act* which states that, “*Except as provided by another Act that expressly refers to this section, every department of government, every agency of the Crown and every Crown controlled corporation shall furnish the auditor general with information regarding its power, duties, activities, organization, financial transactions and methods of business as the auditor general requires, and the auditor general shall be given access to all books, accounts, financial records, reports, electronic data processing records, explanations, files and all other papers, things or property belonging to or in use by the department, agency of the Crown or Crown controlled corporation and necessary to the performance of the duties of the auditor general under this Act.*”

In January 2008, our Office decided to conduct a review of operations at the Canada - Newfoundland and Labrador Offshore Petroleum Board (CNLOPB). On 26 February 2008, we issued a special report to the House of Assembly relating to the refusal of the CNLOPB to provide unrestricted access to information necessary to conduct our intended review.

#### Access to Reports

Special reports issued by the Office of the Auditor General are available on the Office's web site at:

<http://www.gov.nl.ca/ag/reports.htm>.