OFFICE OF THE
AUDITOR GENERAL
MANITOBA

Follow-up of Recommendations

May 2016

Our vision

The Office of the Auditor General is an accessible, transparent and independent audit office, serving the Manitoba Legislature with the highest standard of professional excellence.

Our values

- Respect
- Honesty
- Integrity
- Openness

Our priorities

- Strengthen the management systems and practices of government organizations
- Provide Members of the Legislative Assembly with relevant information
- Manage our internal business effectively

Our critical success factors

- Independence from government
- Reliable audit opinions and conclusions
- Relevance of audit work performed
- Knowledge, skills and abilities of our staff

May 2016

The Honourable Myrna Driedger
Speaker of the House
Room 244, Legislative Building
450 Broadway
Winnipeg, Manitoba R3C 0V8

Honourable Ms. Driedger,

It is an honour to provide you with my report titled: *Follow-up of Recommendations*, to be laid before Members of the Legislative Assembly in accordance with the provisions of Section 28 of *The Auditor General Act.*

Respectfully submitted,

**Original document signed by
Norm Ricard**
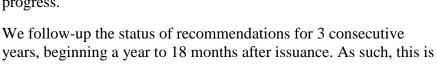
Norm Ricard, CPA, CA
Auditor General

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Auditor General's comments

Auditor General's comments

In this report we present, as at June 30, 2015, the statuses of 368 recommendations. We note that 214 (58%) have been implemented.

Beginning with this Follow-up report, to better acknowledge progress made, we also identify when significant progress has occurred. I trust this will be useful to the Public Accounts Committee (PAC) in assessing their satisfaction with an organization's effort and progress in implementing our recommendations. We believe that significant progress has been made on 36 of the 137 (26%) recommendations that remain in progress.

We follow-up the status of recommendations for 3 consecutive years, beginning a year to 18 months after issuance. As such, this is the final follow-up for the 159 recommendations included in the audit reports we issued in 2012 and prior. With respect to these recommendations, we note that 124 (78%) have been implemented. For the 21 in progress recommendations, we note that significant progress has been made on 6. We encourage the PAC to consider which of the in progress recommendations, if any, it should continue to monitor and to request appropriately detailed action plans from the relevant government organizations.

As requested by the PAC at its October 5, 2015 meeting, we expedited the conduct and release of the progress report on the recommendations included in our audit report on the *Waiving of Competitive Bids*. That Follow-up report was tabled on December 1, 2015 and reviewed at the December 14, 2015 PAC meeting. It has been reproduced in this Follow-up report, with various formatting changes, in order to include in one volume the follow-up reviews of recommendations from our *March 2014 Annual Report to the Legislature*.

I would like to take this opportunity to thank the many public servants we met with during our follow-up reviews for their cooperation and assistance.

 Original document signed by
 Norm Ricard

Norm Ricard, CPA, CA
Auditor General

Follow-up process

Follow-up process

A follow-up review begins when we request a status update from management. The implementation status is to be determined as at the forthcoming June 30. When status updates are received we conduct review procedures (see Nature of a review on page 8) to assess the plausibility of the recommendation statuses provided. We do not re-perform audit procedures from the original audit.

Project audit recommendations

A follow-up review is scheduled approximately 18 months after a project audit report is released, and annually thereafter for 2 more years (for a total of 3 years).

Financial statement audit recommendations

This is the first year in which recommendations related to our financial statement audit work are included in our annual Follow-up report. Previously, the follow-up of these recommendations was included in our annual report on the Accounts and Financial Statements.

Our practice has been to follow-up recommendations related to our financial statement audit work annually until all the recommendations are implemented/resolved. Subsequent to this Follow-up report, we will only follow up on these recommendations for 3 consecutive years, starting one year after issuance.

Status categories

The implementation status of each recommendation is described using one of the following categories:

Implemented/resolved
The recommendation has been implemented or an alternate solution has been implemented that fully addresses the risk identified in the original report.

Action no longer required
The recommendation is no longer relevant due to changes in circumstances.

Do not intend to implement
Management does not intend to implement our recommendation or to otherwise address the risk identified in our original report.

Work in progress
Management is taking steps to implement our recommendation.

Report format

This report includes 24 follow-up reports. We have organized the follow-up reports into three sections:

- No additional follow-up reviews scheduled.
- At least one more follow-up review scheduled.
- Accounts and Financial Statements.

For each follow-up report we identify who is responsible for implementing our recommendations. The Public Accounts Committee (PAC) will be able to use this information to identify the appropriate witnesses to call to their meetings.

Follow-up reports include a chart indicating the current implementation status of our recommendations as at June 30, 2015 (other than the *Waiving of Competitive Bids* report which was reported as at October 30, 2015 – see comment below), as well as tables listing all the recommendations made, organized by implementation status.

We issued the Follow-up report on recommendations included in our *Waiving of Competitive Bids* report in December 2015. The Follow-up report was issued in response to a resolution of the Public Accounts Committee. It has been reproduced in this report on page 92.

Nature of a review

In conducting our recommendation follow-ups, we perform a review rather than an audit.

In a review, we provide a moderate level of assurance. Our review consists primarily of inquiry, analytical procedures and discussion related to information supplied. The evidence obtained through these procedures enables us to conclude on whether the matter is **plausible** in the circumstances. We do not re-perform audit procedures from the original audit.

In an audit, we provide a high, though not absolute, level of assurance. We achieve this high level of assurance by gathering sufficient appropriate audit evidence. Audit procedures would include: inspection, observation, enquiry, confirmation, analysis and discussion. Use of the term "high level of assurance" refers to the highest reasonable level of assurance auditors provide on a subject. Absolute assurance is not attainable because much of the evidence available to us is persuasive rather than conclusive, as well as, the inherent limitation of control systems, and the use of testing and professional judgment.

Results of our follow-up reviews

Results of our follow-up reviews

Review comments

Our follow-up reviews were conducted in accordance with Canadian generally accepted standards for assurance engagements, and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied.

A review does not constitute an audit and consequently we do not express an opinion on these matters.

Our follow-up reviews assessed the implementation status of our recommendations as at June 30, 2015 except for the recommendations related to our report on the *Waiving of Competitive Bids* which were assessed as at October 30, 2015.

With respect to the implementation status of the recommendations followed-up, nothing has come to our attention to cause us to believe that the status representations made by entity management do not present fairly, in all significant respects, the progress made in implementing the recommendations.

Summary of implementation status

In this report we note the implementation status of 368 recommendations issued since January 2012. As detailed in **Figure 1**, we concluded that:

- 214 have been implemented/resolved
- 5 no longer require the recommended action
- 12 will not be implemented
- 137 remain in progress

Many factors must be considered when assessing whether the implementation rate is satisfactory including: complexity of the recommendations, the operating priorities of the entity, the significance of the underlying issues, resourcing implications, and capacity of the entity.

In conducting our follow-up reviews we generally do not assess the reasonableness of an entity's decisions regarding the efforts applied to fully implement our recommendations. We believe this is a role best played by the Public Accounts Committee. As such, we continue to encourage the Committee to request appropriately detailed action plans for some or all of the recommendations that remain in progress, particularly in relation to those reports that we have followed up for 3 years and for which we do not intend to continue following up.

Figure 1: Implementation status, as at June 30, 2015

Report	Total recommendations	Recommendations considered cleared			Work in progress
		Implemented/ resolved	Action no longer required	Do not intend to implement	
No additional follow-up reviews scheduled					
January 2012 Report to the Legislature					
Appointment Process to Agencies, Boards and Commissions	9	9			
Animikii Ozoson Child and Family Services Agency	25	23	2		
Food Safety	41	31	3	3	4
Personal Injury Protection Plan	23	23			
Special Needs Education	19	12		4	3
Taxation Division, Audit Branch	1				1
Wireless Network Security	18	14			4
Total	**136**	**112 (82%)**	**5 (4%)**	**7 (5%)**	**12 (9%)**
June 2012 Report to the Legislature					
Rural Municipality of St. Clements	**5**	**2 (40%)**		**2 (40%)**	**1 (20%)**
At least one more follow-up review scheduled					
January 2013 Report to the Legislature					
Citizen Concerns – North Portage Development Corporation	4	3			1
Information Technology Security Management Practices	47	16		1	30
Manitoba Early Learning and Child Care Program	25	12			13
Manitoba eHealth Procurement of Contractors (Note 1)	10	10			
Office of the Fire Commissioner	4	2			2
Provincial Nominee Program for Business	13	10			3
Senior Management Expense Policies	1				1
Total	**104**	**53 (51%)**		**1 (1%)**	**50 (48%)**
August 2013 Report to the Legislature					
Rural Municipality of Lac du Bonnet	**2**				**2 (100%)**
March 2014 Report to the Legislature					
Citizen Concerns – Manitoba Hydro Funding of the Keeyask Centre	(Note 2)				
– Town of Lac du Bonnet – Bulk Water Sales	1	1			
Helicopter Ambulance Program	5	1			4
Lake Manitoba Financial Assistance Program: Parts C & D	(Note 3)				
Managing the Province's Adult Offenders	29	10			19
Manitoba's Framework for an Ethical Environment	20	6			14
Manitoba Hydro – Managing Cyber Security Risk Related to Industrial Control Systems	8	4			4
Northern Airports and Marine Operations	3	3			
Waiving of Competitive Bids (Note 4)	25	8			17
Total	**91**	**33 (36%)**			**58 (64%)**
Accounts and Financial Statements					
March 2014 Report to the Legislature (Chapter 1)	7			2	5
January 2013 Report to the Legislature (Chapter 1)	5	4			1
January 2012 Report to the Legislature (Chapter 1)	11	5			6
December 2010 Audit of the Public Accounts for the year ended March 31, 2010	7	5			2
Total	**30**	**14 (47%)**		**2 (6%)**	**14 (47%)**
Grand Total	**368**	**214 (58%)**	**5 (1%)**	**12 (3%)**	**137 (38%)**

Notes to Figure 1

Note 1: All recommendations in this Report were implemented as at June 30, 2014. It is noted here in order to list all the chapters included in our January 2013 Report to the Legislature.

Note 2: The recommendation noted in the March 2014 Report to the Legislature under Citizen Concerns - Manitoba Hydro Funding of the Keeyask Centre has not been included in this Follow-up report. The recommendation is being followed up as part of our audit on Manitoba Hydro: Management of Keeyask Process Costs and Adverse Effects Agreements with First Nations, scheduled for public release in summer 2016.

Note 3: Because Lake Manitoba Financial Assistance Program is not an ongoing project, the 21 recommendations are considered lessons learned for future programs. The recommendations are included in this Follow-up report for informational purposes only. No such programs were introduced since the release of our audit report.

Note 4: The implementation status of the recommendations from our report on Waiving of Competitive Bids is as at October 30, 2015.

No additional follow-up reviews scheduled

- January 2012 Report to the Legislature
- June 2012 Report to the Legislature

Website Version

Appointment Process to Agencies, Boards and Commissions

Our recommendations are directed to the Committee on Agencies, Boards and Commissions.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – January 2012 (Chapter 2)	August 23, 2012 (Passed)
First follow-up – May 2014	-
Second follow-up – May 2015	-

What our original report examined

Our audit objectives were to determine whether adequate information was available to Manitobans regarding the appointment process, and whether appointments to Agencies, Boards and Commissions (ABCs) were made in a timely manner. We also examined the process used to appoint members to Manitoba's Agencies, Boards and Commissions.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations as at June 30, 2015

As shown in the table below, all 9 of our recommendations have been implemented as at June 30, 2015.

In the three years since our report was issued, Government has made meaningful changes on the transparency and timeliness of the appointment process. Of significance, a website has been developed for ABCs which allows Manitobans to obtain information about the ABCs and submit an application on-line. However, as membership of ABCs is constantly changing with new appointments, maintaining the website with accurate and up-to-date information requires ongoing commitment by Government. Further, a timely and efficient appointment process is highly dependent on the focused attention of Ministers (as well as their Deputy Ministers, and Special Assistants), and on enhancing consultations with ABCs to ensure a competency-driven approach. Given the considerable impact that ABCs have on all Manitobans, it is important that the appointment process continues to be well-managed on an ongoing basis. This effort will need to be sustained over time.

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**9**	-	-	-	**9**

Because we have followed up on the *Appointment Process to Agencies, Boards and Commissions* report for 3 years, we have prepared the following table that summarizes when recommendations were considered cleared. Recommendations that are considered cleared are excluded from subsequent follow-ups.

Timing of recommendations considered cleared			
Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	5	-	-
May 2015	-	-	-
May 2014	4	-	-
Total	**9**	**-**	**-**

Below we list our recommendations considered cleared.

Considered cleared

This follow-up report – *status as at June 30, 2015*

Implemented/resolved

We recommended that:
1. The website include a complete list of all ABCs to which government makes appointments.
2. A central repository for all ABCs be established.
7. While legislation permits incumbent appointees to continue past their term expirations, Ministers ensure that all ABC appointments are current and reappointments of term expiries are kept up-to-date.
8. Appointments to ABCs have staggered terms, so that there is an orderly transition of new and more experienced members serving the ABC.
9. Government set term limits which include a maximum years of service, to compliment the requirements of the ABC.

May 2014 report – *status as at June 30, 2013*

Implemented/resolved

We recommended that:
3. The Cabinet Committee on ABCs define and implement guidelines for the selection of ABCs to be included in their process.
4. The website be updated to include a description of the appointment process.
5. The appointment process begin sufficiently in advance of term expiries to allow all appointments/reappointments to be made in time for the expiry dates.
6. All Ministers offices contact the ABCs sufficiently in advance of term expiries to discuss the needs and requirements for new appointments/reappointments.

Animikii Ozoson Child and Family Services Agency

Our recommendations are directed to the Animikii Ozoson Child and Family Services Agency (Agency) and the First Nations of Southern Manitoba Child and Family Services Authority.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – January 2012 (Chapter 3)	October 30, 2013 (Passed)
First follow-up – May 2014	-
Second follow-up – May 2015	-

What our original report examined

We examined the financial accounting processes and controls of the Animikii Ozoson Child and Family Services Agency, as well as senior management and Board compensation and expenses. We also reviewed the Agency's board governance practices and the Agency's compliance with its funding agreement with the Authority. We did not audit the quality of child care provided by the Agency.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations as at June 30, 2015

As shown in the table below, 23 of our 25 recommendations have been implemented as at June 30, 2015. Two recommendations are no longer relevant (see comment below).

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**23**	**2**	**-**	**-**	**25**

In our *May 2014 Follow-up* report, the Agency indicated that recommendations 22 and 23 were no longer relevant because in 2012 the Agency closed the facility and terminated the program in question.

Because we have followed up on the *Animikii Ozoson Child and Family Services Agency* report for 3 years, we have prepared the following table that summarizes when recommendations were considered cleared. Recommendations that are considered cleared are excluded from subsequent follow-ups.

Timing of recommendations considered cleared			
Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	**2**	-	-
May 2015	**7**	-	-
May 2014	**14**	2	-
Total	**23**	**2**	**-**

Below we list our recommendations that are considered cleared.

Considered cleared

This follow-up report – *status as at June 30, 2015*

Implemented/resolved

We recommended that:

20. The Agency schedule and conduct Place of Safety (POS) home assessment reports within 6 months of the placement date consistent with Department standards.

25. The Agency develop conflict of interest policy for its Board members and staff which meet the standards of the Province's Conflict of Interest Policy.

May 2015 report – *status as at June 30, 2014*

Implemented/resolved

We recommended that:

6. The Board review and approve the Executive Director's expenses, and any other benefits paid to or on behalf of the Executive Director.

15. A policy for Board compensation and expenses be developed.

17. The Agency schedule and conduct licensed foster home reviews prior to licence expiry dates.

18. The Agency update the Child and Family Services Information System on a timely basis.

19. The Agency conduct and document quarterly foster home visits consistent with Department standards.

21. The Agency conduct and document quarterly POS visits consistent with Department standards.

24. The Agency forward interim financial statements to the Authority.

May 2014 report – *status as at June 30, 2013*

Implemented/resolved

We recommended that:

1. The Agency finalize the repayment schedule for the Children's Special Allowances funds owing to the Province.

2. The Authority provide the Agency with a detailed breakdown of its operating funding.

3. The Authority, in collaboration with the Agency, review the impact of the new funding model assumptions on the Agency and ensure that the funding inequities have been resolved.

4. The Board review in detail and approve the Agency's annual operating budget on a timely basis.

5. The Board meet with the external auditors at the beginning of the audit to discuss the Audit Plan and at the end of the audit to discuss audit results and any management letter recommendations.

Considered cleared (cont'd)

We recommended that:

7. The Agency develop a plan to recruit Board members with financial expertise.

8. The Board track actions that need to be completed. These items should be documented in subsequent Meeting minutes until the required action has been completed or the Board approves that the matter should be removed.

9. Bank reconciliations be prepared in a timely manner, and that they should be dated.

10. Bank reconciliations be checked and approved by an individual other than the preparer.

11. The delegation of authority for cheque signing be created such that there are enough individuals to sign cheques so that the payee does not sign his/her own cheque.

12. The Agency implement an overall spending policy which provides direction to staff as to the types of expenses that are allowed and not allowed.

13. The Agency implement a policy requiring all senior management expenses be appropriately reviewed and approved.

14. The Agency require that all transactions have adequate support and that the purpose of the expense is documented.

16. The Agency implement a policy for employee advances which addresses whether employee advances will be allowed and if so, under what conditions.

Action no longer required

We recommended that:

22. The Agency confirm with Department officials that the facility is properly licensed.

23. The Agency develop performance measures, including outcomes and targets, on which Program performance could be assessed.

Food Safety

Our recommendations were originally directed to the Department of Agriculture, Food and Rural Initiatives (MAFRI), and the Department of Health (Health). The Department of Agriculture and the Department of Health, Seniors and Active Living (Health) are now responsible for implementing our recommendations.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – January 2012 (Chapter 4)	June 19, 2012 (Passed)
First follow-up – May 2014	July 8, 2015 (Passed)
Second follow-up – May 2015	July 8, 2015 (Passed)

What our original report examined

We examined the Province's food safety system, including systems and practices for strategic planning and performance measurement, developing and enforcing food safety standards, providing food safety education, and promoting food safety programs.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations directed to Agriculture as at June 30, 2015

As shown in the table below, 16 of our 22 recommendations have been implemented as at June 30, 2015. Four other recommendations are considered cleared (see comments below).

We note that significant progress has been made on the 2 recommendations that remain in progress.

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**16**	**3**	**1**	**2**	**22**

In our *May 2014 Follow-up r*eport, the Department advised that it did not intend to implement recommendation 17 which deals with requiring annual conflict of interest declarations. This was based on advice provided by the Civil Service Commission (CSC). In our *March 2014 Annual Report to the Legislature* on *Manitoba's Framework for an Ethical Environment*, we recommended that the CSC's conflict of interest policy be amended to require that all employees update their conflict of interest declaration forms on a periodic basis, preferably annually (Recommendation 12). See this year's follow-up report on *Manitoba's Framework for an Ethical Environment* (page 83).

Also in our *May 2014 Follow-up* report, the Department advised that recommendation 11, which deals with outsourcing, was no longer relevant because the Department assumed responsibility for conducting Provincial meat inspections. As well, the Department advised that recommendations 22 and 23 were no longer relevant because the related programs had ended.

Because we have followed up on the *Food Safety* report for 3 years, we have prepared the following table that summarizes when recommendations were considered cleared. Recommendations that are considered cleared are excluded from subsequent follow-ups.

Timing of recommendations considered cleared			
Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	1	-	-
May 2015	5	-	*
May 2014	10	3	1
Total	**16**	**3**	**1**

* The Department indicated that it does not intend to implement part of recommendation 21.

Below we list the recommendations that remain in progress and the recommendations that are considered cleared. For certain recommendations we have added an "OAG comment" to clarify implementation status and to highlight select actions or planned actions. OAG comments included in prior year follow-up reports, for recommendations that were considered implemented/resolved, are reproduced in this follow-up report.

Work in progress

We recommended that:

5. MAFRI periodically review and update food and safety standards in Manitoba to ensure they are consistent with those in most other Canadian jurisdictions.

    OAG comment: <u>Significant Progress</u> – The Department has indicated that it has been working on 3 regulations that would fall under the new Food Safety Act. One of the draft regulations, the Diary Farms Regulation, was registered as of August 25, 2015. The 2 other regulations under development are the Food Safety Regulation and the Abattoirs Regulation. The Food Safety Regulation will set the standards for provincially licensed food processing plants and the Abattoirs Regulation will set the standards for provincial abattoirs. The proposed standards are being reviewed with further consultation and amendments expected before the government proclaims The Food Safety Act.

12. MAFRI expedite updating *The Dairy Regulation* to reflect its assessment of the related food risk and, in the interim, ensure that dairy farms with a history of serious and repeat violations continue to be inspected.

    OAG comment: <u>Significant Progress</u> - This recommendation was effectively implemented as of August 25, 2015. The Dairy Regulation was amended on August 25, 2015 to remove requirements related to dairy farms. In addition, a new Dairy Farms Regulation was registered on August 25, 2015, which contains standards for the dairy farms in Manitoba. We noted that the new Dairy Farm Regulation no longer includes specific inspection frequency requirements but instead allows the director or inspector to "...inspect a dairy farm whenever the director or inspector considers it appropriate...". The Department has indicated that they are continuing to inspect dairy farms when a complaint is received.

Considered cleared

This follow-up report – *status as at June 30, 2015*

Implemented/resolved

We recommended that:

21. MAFRI better link their food safety education to trends in critical food safety standard violations found during inspections and coordinate and enhance their focus on consumer education and awareness.

> *OAG comment: The Department indicated that they are focusing resources on educating permitted food establishments on food safety, including linking the development of educational material to common food safety concerns found during inspections. However, they indicated that they will not enhance their focus on consumer education as it is outside the Department's mandate. The Department noted that they use the resources of agencies such as the Public Health Agency of Canada and Health Canada to provide information to consumers if required.*

May 2015 report – *status as at June 30, 2014*

Implemented/resolved

We recommended that:

2. MAFRI set measurable targets for inspections and food safety programs – including indicators of effectiveness, as well as outputs – and periodically compare results to targets to identify any actions required to respond to trends and improve results.

> *OAG May 2015 comment: While we concur that recommendation 2 is implemented, we noted that the Department's targets are only output based. The Department said that its measures and targets are inspection program based (eg. number of inspections) and that it monitors rates of non-compliance. This information is used by the Department to assess the effectiveness of the program. In addition they noted that compliance with the regulations (monitored through the inspection program) will result in safer food handling practices and a reduction of possible food safety hazards.*

3. MAFRI enhance publicly available information on food safety to include data on compliance with food safety standards.

6. MAFRI prepare a documented analysis of the costs and benefits of requiring food handler training in Manitoba that considers using web-based training already developed by other jurisdictions.

> *OAG May 2015 comment: The Department indicated that the new Food Safety Regulation, which is not yet in force, will require mandatory food safety training. The decision to require mandatory food safety training was not based on a cost benefit analysis, but on the knowledge of the regulatory staff who indicated that there were deficiencies in food safety training in the food processing sector.*
>
> *The Department said they decided to develop their own curriculum as existing food safety training in the province (and other provinces) was designed for food service/retail industry and not the food processing sector.*

7. MAFRI ensure that all staff record inspections and complaints in the Hedgehog database, update food establishment information during inspections, and document work to test the accuracy and completeness of the database and assess its effectiveness.

Considered cleared (cont'd)

We recommended that:

18. MAFRI develop written policies and procedures to guide inspectors' professional judgement and ensure greater consistency in conducting and documenting inspections, providing correction timeframes, follow up violations, using enforcement powers, handling complaints, and issuing permits.

May 2014 report – *status as at June 30, 2013*

Implemented/resolved

We recommended that:

1. MAFRI and Health work together to ensure their individual food safety strategic planning is integrated and that it:
   - Identifies, assesses and controls risks to food safety.
   - Considers the appropriate mix of inspections, surveillance, industry and consumer education, and promotion of food safety programs.
   - Aligns resources and funding with established goals and priorities.

4. MAFRI, together with the City of Winnipeg, fully document their respective inspection responsibilities, including responsibilities for facilities with mixed operations and exceptions to responsibilities based on established geographical boundaries.

8. MAFRI use a risk-based approach to set the priority and frequency of inspections. This should include development of evidence-based risk factors and risk ratings for facilities, and consider the inspection frequency in other provinces.

9. MAFRI inspectors conduct all routine inspections on an unannounced basis, with some during times when higher risk activities are likely to occur, and that they document the time of their inspections.

10. MAFRI improve inspection documentation to ensure that:
    - All checklist questions are answered.
    - Violations and required corrective actions are clearly described.
    - Inspection reports are signed by both inspectors and establishment representatives.

13. MAFRI ensure all violations are promptly followed up and corrected, with a focus on critical violations.

14. MAFRI ensure that inspectors use escalating enforcement action (warnings, fines, closure orders, health hazard orders, and prosecution) when repeated serious violations are not corrected.

15. MAFRI ensure that registration forms are complete and initial permits are not issued until all requirements have been met, including resolution of any outstanding food safety standard violations.

19. MAFRI regularly review and update inspection policies and procedures, and communicate them to staff through training sessions and staff meetings.

20. MAFRI implement and document quality assurance reviews of inspection files.

Action no longer required

We recommended that:

11. MAFRI use current risk assessments to develop and periodically update service standards for outsourced inspections and ensure those standards are being met.

Considered cleared (cont'd)

We recommended that:

22. MAFRI ensure applications for financial assistance to implement food safety programs meet the eligibility criteria before funding is approved and eligibility reviews are properly documented.

23. MAFRI thoroughly document its verification work before it pays post-farm grant funding for implementing food safety programs.

Do not intend to implement

We recommended that:

17. MAFRI enhance inspector independence by requiring inspectors to submit signed conflict-of-interest declaration forms annually, documenting related conclusions and actions taken, and ensuring relevant information is communicated to supervisors.

Status of recommendations directed to Health as at June 30, 2015

As shown in the table below, 15 of our 19 recommendations have been implemented as at June 30, 2015. The Department does not intend to implement recommendations 16 and 17 (see comments below).

We note that significant progress has been made on the 2 recommendations that remain in progress.

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**15**	**-**	**2**	**2**	**19**

The Department indicated that it does not intend to implement recommendation 16. We recommended that Manitoba Health conduct a documented review of every food establishment's history prior to renewing annual permits. They told us that inspectors will communicate in writing with establishments that have outstanding violations that would prevent the establishment from having their permit renewed, but that a documented annual review of every establishment is not feasible. The Department further indicated that permits can be rescinded during routine inspections if the establishment is significantly out of compliance or if it is closed for insanitary conditions.

In our *May 2014 Follow-up* report, the Department advised that it did not intend to implement recommendation 17 which deals with requiring annual conflict of interest declarations. This was based on advice provided by Civil Service Commission (CSC). In our *March 2014 Annual Report to the Legislature* on *Manitoba's Framework for an Ethical Environment*, we recommended that the CSC's conflict of interest policy be amended to require that all employees update their conflict of interest declaration forms on a periodic basis, preferably annually (Recommendation 12). See this year's follow-up report on *Manitoba's Framework for an Ethical Environment* (page 83).

Because we have followed up on the *Food Safety* report for 3 years, we have prepared the following table that summarizes when recommendations were considered cleared. Recommendations that are considered cleared are excluded from subsequent follow-ups.

Timing of recommendations considered cleared			
Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	**4**	-	**1**
May 2015	**1**	-	-
May 2014	**10**	-	**1**
Total	**15**	-	**2**

Below we list the recommendations that remain in progress and the recommendations that are considered cleared. For certain recommendations we have added an "OAG comment" to clarify implementation status and to highlight select actions or planned actions.

Work in progress

We recommended that:

2. Health set measurable targets for inspections and food safety programs – including indicators of effectiveness, as well as outputs – and periodically compare results to targets to identify any actions required to respond to trends and improve results.

    OAG comment: Significant Progress - We noted that Health's targets are only output based. Health said that its measures and targets are inspection program based (eg. number of inspections) and that it monitors rates of non-compliance. This information is used by the Department to assess the effectiveness of the program. In addition they noted that compliance with the regulations (monitored through the inspection program) will result in safer food handling practices and a reduction of possible food safety hazards.

    Health also indicated that they are assessing the achievement of inspection targets through their quality assurance review process and that they are working on developing additional inspection measures and targets. They are also working on enhanced reporting that will compare inspection targets to actual results on a system wide level.

5. Health periodically review and update food safety standards in Manitoba to ensure they are consistent with those in most other Canadian jurisdictions.

    OAG comment: Significant Progress - Health has completed a cross jurisdictional review of food safety standards and compared it to the existing Food and Food Handling Establishments Regulation. Based on this review, they have made some changes to the Regulation. Further, they noted that they are conducting a complete review of the Regulation which may take a few years to complete.

Considered cleared

This follow-up report – *status as at June 30, 2015*

Implemented/resolved

We recommended that:

3. Health enhance publicly available information on food safety to include data on compliance with food safety standards.

6. Health prepare a documented analysis of the costs and benefits of requiring food handler training in Manitoba that considers using web-based training already developed by other jurisdictions.

    > *OAG comment: Health completed the cost benefit analysis of requiring food handler training in Manitoba and concluded that the marginal benefit of using web-based training already developed by other jurisdictions was estimated to be minimal and was not recommended. However, Health told us that as part of the Food and Food Handling Establishments Regulation review, they will consider mandatory food handler training. Health is continuing to explore whether a made in Manitoba web-based training and certification process is viable.*

18. Health develop written policies and procedures to guide inspectors' professional judgement and ensure greater consistency in conducting and documenting inspections, providing correction timeframes, following up violations, using enforcement powers, handling complaints, and issuing permits.

21. Health better link their food safety education to trends in critical food safety standard violations found during inspections and coordinate and enhance their focus on consumer education and awareness.

Do not intend to implement

We recommended that:

16. Health inspectors complete a documented review of a food establishment's history, including results and outstanding violations from past inspections, as well as any complaints received during the year, before renewing an annual permit.

May 2015 report – *status as at June 30, 2014*

Implemented/resolved

We recommended that:

7. Health ensure that all staff record inspections and complaints in the Hedgehog database, update food establishment information during inspections, and document work to test the accuracy and completeness of the database and assess its effectiveness.

May 2014 report – *status as at June 30, 2013*

Implemented/resolved

We recommended that:

1. Health and MAFRI work together to ensure their individual food safety strategic planning is integrated and that it:
    - Identifies, assesses and controls risks to food safety.
    - Considers the appropriate mix of inspections, surveillance, industry and consumer education, and promotion of food safety programs.
    - Aligns resources and funding with established goals and priorities.

Considered cleared (cont'd)

We recommended that:

4. Health, together with the City of Winnipeg, fully document their respective inspection responsibilities, including responsibilities for facilities with mixed operations and exceptions to responsibilities based on established geographical boundaries.

8. Health use a risk-based approach to set the priority and frequency of inspections. This should include development of evidence-based risk factors and risk ratings for facilities, and consider the inspection frequency in other provinces.

9. Health inspectors conduct all routine inspections on an unannounced basis, with some during times when higher risk activities are likely to occur, and that they document the time of their inspections.

10. Health improve inspection documentation to ensure that:
    -   All checklist questions are answered.
    -   Violations and required corrective actions are clearly described.
    -   Inspection reports are signed by both inspectors and establishment representatives.

13. Health ensure all violations are promptly followed up and corrected, with a focus on critical violations.

14. Health ensure that inspectors use escalating enforcement action (warnings, fines, closure orders, health hazard orders, and prosecution) when repeated serious violations are not corrected.

15. Heath ensure that registration forms are complete and initial permits are not issued until all requirements have been met, including resolution of any outstanding food safety standard violations.

19. Health regularly review and update inspection policies and procedures, and communicate them to staff through training sessions and staff meetings.

20. Health implement and document quality assurance reviews of inspection files.

Do not intend to implement

We recommended that:

17. Health enhance inspector independence by requiring inspectors to submit signed conflict-of-interest declaration forms annually, documenting related conclusions and actions taken, and ensuring relevant information is communicated to supervisors.

Personal Injury Protection Plan

Our recommendations are directed to the Manitoba Public Insurance Corporation (MPI), the Automobile Injury Compensation Appeal Commission (AICAC), the Claimant Adviser Office (CAO) and the Manitoba Government.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – January 2012 (Chapter 5)	July 5, 2012 (Passed)
First follow-up – May 2014	-
Second follow-up – May 2015	-

What our original report examined

We examined the systems and practices at Manitoba Public Insurance (MPI) for calculating Personal Injury Protection Plan (PIPP) benefit amounts, ensuring claimants receive all and only the PIPP benefits they are entitled to. As well, we examined the managing of claimant rehabilitation and measuring and reporting on PIPP performance.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations as at June 30, 2015

As noted in the table below, all 23 recommendations have been implemented as at June 30, 2015.

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**23**	**-**	**-**	**-**	**23**

Because we have followed up on the *Personal Injury Protection Plan* report for 3 years, we have prepared the following table that summarizes when recommendations were considered cleared. Recommendations that are considered cleared are excluded from subsequent follow-ups.

Timing of recommendations considered cleared			
Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	5	-	-
May 2015	2	-	-
May 2014	16	-	-
Total	**23**	**-**	**-**

Below we list our recommendations. For certain recommendations we have added an "OAG comment" to clarify implementation status. The OAG comment included in our *May 2015 Follow-up* report, for the recommendation that was considered implemented/resolved, is reproduced in this follow-up report.

Considered cleared

This follow-up report – *status as at June 30, 2015*

Implemented/resolved

We recommended that:

7. MPI work with the AICAC, the CAO, and the Automobile Injury Mediation Office to assist in reducing the number of unresolved appeals at the CAO and appeals not yet scheduled for hearing at AICAC.

    OAG comment: Based on studies performed by MPI, the introduction of the Mediation Office has substantially reduced the number of unresolved appeals. The Mediation Office allows claimants to choose whether they wish to go to mediation or appeal a decision. Statistics presented showed that 90% of claimants choose to go to mediation and as a result 50% of those cases were resolved before going to appeal.

11. MPI regularly review all non-indexed benefits and ensure they remain reasonable and fair over time.

    OAG comment: Benefits are now indexed annually.

12. MPI project the number of part-time, temporary, seasonal, and retired claimants (including those currently receiving long-term income replacement top-up benefits who will eventually retire) that may obtain benefits in excess of their likely economic losses and estimate the future dollar impacts.

    OAG comment: MPI prepared a report studying the number of part-time, temporary, seasonal, and retired claimants that may obtain benefits in excess of their likely economic losses. The study determined that some individuals do receive benefits in excess of their pre- accident wage but that existing processes mitigate the loss to a reasonable level.

18. MPI ensure that vendor recommendations made to claimants are based on analysis of vendors' products, services, timeliness, costs, and available discounts.

    OAG comment: MPI implemented a purchasing policy that provides guidance to Case Managers on the purchase and procurement of wheelchairs and other assistive devices for claimants, costing over $1,500.

23. MPI augment its claims management information by:
    - Including customers with complex and long-term claims in its customer surveys.
    - Measuring claim duration.
    - Tracking return-to-work outcomes for claimants receiving vocational rehabilitation assistance.

May 2015 report – *status as at June 30, 2014*

Implemented/resolved

We recommended that:

1. MPI, together with the Manitoba government, clearly define eligible expenses for "return to normal life" and "reintegration into society", and the types of vehicular accidents that entitle injured people to PIPP benefits.

Considered cleared (cont'd)

We recommended that:

10. MPI reduce the delays in tax reconciliations and benefit adjustments by having claimants authorize it to obtain their tax information directly from the Canada Revenue Agency.

     > *OAG May 2015 comment: Rather than obtaining tax information directly from the Canada Revenue Agency, MPI indicated that it has reduced delays in tax reconciliations and benefit adjustments by amending its procedures to include reminding claimants that they need to provide tax information and suspending benefits if the information is not received by the date specified.*

May 2014 report – *status as at June 30, 2013*

Implemented/resolved

We recommended that:

2. MPI:
   - Provide additional written benefit information tailored for catastrophically injured claimants and claimants requiring vocational rehabilitation.
   - Post the PIPP procedures manual on its website.

3. MPI improve its processes so that it meets its target of providing claimants with their first income replacement benefits within 21 days.

4. MPI use training, supervision, electronic reminders, checklists or other similar mechanisms to ensure all benefits are identified and paid promptly.

5. MPI improve its consistency in offering and providing benefits for:
   - Home renovations.
   - Exercise equipment.
   - Grief counselling.
   - Expenses exceeding the budgeted hours, but not the dollar budget, for personal care assistance.
   - Interest on late benefit payments.

6. MPI send decision letters for all benefit decisions, adequately explaining reasons for decisions in plain language.

8. MPI clearly and regularly communicate to claimants the types of changes in personal circumstances they must report, and promptly follow-up all written and verbal reports received.

9. MPI review and clarify its policy for waiving different types of overpayments to ensure it is logical and consistently applied.

13. MPI compare the costs of compensating claimants who require only periodic help with snow removal and lawn care with the savings, risks, and injury-related costs resulting from not compensating these claimants.

14. MPI:
    - Prepare rehabilitation plans that clearly document claimants' medical restrictions and set timelines and milestones for reaching maximum medical improvement.
    - Regularly monitor and document medical progress so that benefits are promptly adjusted to reflect updated medical reports and follow-up investigation occurs when expected medical progress is not achieved.

Considered cleared (cont'd)

We recommended that:

15. MPI include a conflict-of-interest clause (similar to the clause used in its contracts with its healthcare services staff) in its service agreements with external independent medical examiners, and that it expand these clauses to prohibit any involvement with a MPI file where there could be a potential conflict-of-interest with a patient, friend, neighbor, or relative.

16. MPI prepare vocational rehabilitation plans for all claimants able to work but unable to return to the same type of work done before the accident, and that the plans include:

    • Comparison of the claimant's functional capacity, interests and aptitudes, educational background, and existing transferable skills to the physical demands and other requirements of the proposed new vocation.
    • Analysis of the labour market demand for the proposed new vocation.
    • Calculation of the future financial implications and analysis as to whether funding additional training might recover more of the pre-accident wage.
    • Identification of existing barriers to success and proposed mitigation strategies.
    • Evidence of claimant buy-in.

17. MPI support all residual capacity determinations with documentation clearly demonstrating that the claimant's attributes match the physical, educational and other requirements of the determined occupation, and that there is a sufficient market demand to reasonably expect the claimant to be able to acquire a job in that occupation.

19. MPI compare the costs and benefits of out-sourcing vocational rehabilitation services with the costs and benefits of employing its own vocational rehabilitation staff.

20. MPI use "request for services" letters consistently and that the letters clearly state reporting requirements, engagement start and end dates, and case coordination expectations.

21. MPI ensure that supervisors:

    • Comply with its claim file review requirements.
    • Document support for all performance ratings.

22. MPI use the results of supervisory and quality assurance reviews to help identify corporate and individual training needs.

Special Needs Education

Our recommendations were originally directed to the Department of Education (Education). Due to a government reorganization, the Department of Education and Training is now responsible for implementing our recommendations.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – January 2012 (Chapter 6)	June 19, 2012 (Passed)
First follow-up – May 2014	-
Second follow-up – May 2015	-

What our original report examined

We examined Manitoba Education's systems and practices for supporting the quality of special needs education, funding special needs education, and measuring and reporting special needs education performance information.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations as at June 30, 2015

As shown in the table below, 12 of our 19 recommendations have been implemented as at June 30, 2015. The Department does not intend to implement 4 recommendations (recommendations 2, 9, 10 and 11), three of which relate to educational assistants and one which relates to students receiving timely access to clinician assessment services (see comments below).

Of the 3 recommendations that remain in progress, we note that significant progress has been made on one (recommendation 7).

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**12**	**-**	**4**	**3**	**19**

The Department advised us that they do not intend to implement recommendation 2. The Department said when developing or updating standards, guidelines or support documents, educational assistants (EAs) or representatives of EAs are not directly sought out for consultation unless the document is specific to their work. The Department's consultation process may include EAs in cases where school divisions are invited to participate in consultations and, in turn, invite EA staff.

The Department also advised us that they do not intend to implement recommendation 11. The Department has provided school divisions with a tool for managing and monitoring clinician caseloads but it has not mandated divisions to report caseload or wait time information to the Department in order to assess whether students receive timely access to clinician assessment services.

In our *May 2015 Follow-up* Report the Department indicated that it did not intend to implement recommendation 9. The Department noted that the professional development opportunities it offered to school teams, which may include EAs, was sufficient. The Department also noted that it provided workshops specifically for EAs when requested by individual school divisions.

Also, the Department indicated that it did not intend to implement recommendation 10. The Department was able to demonstrate that it had considered the impediments of certification; however it did not weigh these against the potential benefits. As noted in our audit report, school divisions set their own qualification requirements for EAs, and EA certificate programs varied considerably. Ensuring that EAs are properly qualified and receive quality ongoing training is important because many special needs students spend the majority of their day with EAs.

Because we have followed up on the *Special Needs Education* report for 3 years, we have prepared the following table that summarizes when recommendations were considered cleared. Recommendations that are considered cleared are excluded from subsequent follow-ups.

Timing of recommendations considered cleared			
Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	1	-	2
May 2015	1	-	2
May 2014	10	-	-
Total	**12**	**-**	**4**

On the following page we list the recommendations that remain in progress and the recommendations that are considered cleared. For certain recommendations we have added an "OAG comment" to clarify implementation status and to highlight select actions or planned actions.

Work in progress

We recommended that:

7. Education work with school divisions to ensure there is a full array of life skills learning resources available for students with special needs.

> *OAG comment: <u>Significant Progress</u> - The Department said it has adopted life skills learning materials developed by other entities (e.g. Healthy Child) and uses these in providing training to school divisions. The Department is working with Family Services to pilot life skills modules in one school division. However, there is no evidence these modules are widely available for use by school divisions, although the Department said that staff in the education community can now post and share information such as units for life skills on a professional learning website (MAPLE).*

17. Education improve its special needs financial and operational information and analysis by:
    - Tracking future year funding commitments.
    - Applying description codes to all funding applications and regularly compiling and analyzing this data.
    - Regularly gathering information on the numbers and costs of educational assistants, resource teachers, different types of clinicians, and assistive technology devices.

    > *OAG comment: The Department has made some progress in improving its operational information and analysis, for example better description code analysis.*

19. Education provide public performance information on its student-specific grant funding for students with special needs, including information on enrolment, associated costs, and the outcomes being achieved for these students.

    > *OAG comment: While there have been improvements to processes that will enable tracking and reporting outcomes achieved for students with special needs, to-date the Department has not enhanced its public performance information on services and outcomes achieved for these students.*

Considered cleared

This follow-up report – *status as at June 30, 2015*

Implemented/resolved

We recommended that:

5. Education further clarify what constitutes allowed paraprofessional duties and communicate this guidance to school divisions and other stakeholders.

Do not intend to implement

We recommended that:

2. As part of its broader consultation process, Education consult more regularly with representatives of educational assistants when it develops or updates standards, guidelines or support documents that may affect educational assistants' delivery of services to students with special needs.

11. Education work with school divisions to determine if students are receiving timely access to clinician assessment services.

Considered cleared (cont'd)

May 2015 report – *status as at June 30, 2014*

Implemented/resolved

We recommended that:

8. Education investigate the potential cost savings and benefits of centralized purchasing of assistive technology for school divisions.

Do not intend to implement

We recommended that:

9. Education provide learning opportunities specifically for educational assistants in its professional development calendar.

10. Education formally assess the potential benefits and impediments to providing non-mandatory certification of educational assistants.

May 2014 report – *status as at June 30, 2013*

Implemented/resolved

We recommended that:

1. Education improve the organization of its website information to make it more user-friendly for parents of students with special needs.

3. Education work with school divisions to develop processes to monitor and periodically verify the level of school division compliance with special needs education regulations, standards and guidelines.

4. Education work with school divisions to improve the level of compliance with the regulations, standards and guidelines for individual education planning, and to further develop the quality of expected learning outcomes and progress reporting.

6. Education work with school divisions to ensure the public has easily accessible and complete information on programming options at all locations.

12. Education make the detailed criteria for determining funding eligibility and funding periods available to school divisions and parents.

13. Education clearly document in their files the logic and rationale for all individual special needs funding decisions, including the justification for providing, altering, or denying the funding requested by a school division, and the reason for the selected funding period.

14. Education ensure that all significant financial decisions for individual students receive additional review before approval.

15. Education refine its post-funding review process by:
    - Determining the number of post-funding student reviews to be conducted based on an assessment of the underlying risk.
    - Reviewing student files (in addition to observing students and holding discussions with school personnel) to verify and update application information.
    - Assessing if individual education plans reviewed during post-funding reviews meets Provincial regulations, standards and guidelines.
    - Ensuring prompt follow-up of all potential over- or under-funding situations.

Considered cleared (cont'd)

We recommended that:

16. Education annually require school divisions to report any changes, or confirm that circumstances remain unchanged, for all students receiving multiple or maximum year funding.

18. Education work with school divisions to develop methods of monitoring the outcomes being achieved for students with special needs.

Website Version

Taxation Division, Audit Branch

Our recommendation is directed to the Department of Finance.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – January 2012 (Chapter 7)	February 25, 2013 (Passed)
First follow-up – May 2014	-
Second follow-up – May 2015	-

What our original report examined

We examined the Branch's audit selection process, use of performance targets, actions to detect unreported taxable business activity and their overall practices for conducting audits. Our procedures were limited to the examination of file documentation on hand in the Branch, rather than a re-verification at taxpayers' premises.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendation. All of our reports are available at our website: oag.mb.ca

Status of our recommendation as at June 30, 2015

The one recommendation included in this report remains in progress.

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	-	-	-	**1**	**1**

In our *May 2015 Follow-up* report, we indicated that our original recommendation to estimate tax revenue lost due to unreported taxable business activity in Manitoba would not be implemented. The department believed that while there likely remained a significant amount of unpaid taxes, estimating this amount with any degree of certainty would be very difficult. As a result, we commented on the potential for increased tax recoveries that might be achieved under various staffing allocations. (As explained below, we have subsequently amended the status of this recommendation to Work in progress.)

In our *May 2015 Follow-up* report, the Department also indicated that the Audit Branch had incorporated the most at-risk sectors into its file selection model and that it was achieving significant audit recoveries using available resources and existing data and processes. The Department noted that these processes continued to result in a recovery rate of 5 to 1 over the cost of operating the Branch.

In 2015 the Audit Branch's audit statistics showed that the tax recoveries over the past four fiscal years averaged about $45 M per year. The Audit Branch identified potential "high-yield" files at the end of each fiscal year that might have been audited if additional staffing had been available. Using that analysis the Audit Branch estimated that doubling its present audit coverage (from the current 4% to 8%) through increased staffing would also likely result in a doubling of the average annual tax recoveries.

Given that the intent of the original recommendation was ultimately to maximize tax recoveries, and the Branch's noted analysis is exploring that possibility, we consider the Branch to be pursuing an alternate solution to the underlying issue. As a result, the status is shown as Work in progress.

Work in progress

We recommended that:

1. The Audit Branch estimate the tax revenue lost due to unreported taxable business activity in Manitoba, and analyze which economic sectors are more susceptible to such activity. We also recommend that the Audit Branch use this analysis in planning how to detect unreported taxable business activity.

    OAG comment: *As detailed above, the Branch is pursuing an alternate solution.*

Website Version

Wireless Network Security

Our recommendations were originally directed to the Winnipeg Regional Health Authority (WRHA), Manitoba eHealth (eHealth), and Manitoba Lotteries Corporation (MLC). Due to a government reorganization, recommendations originally directed to MLC are now directed to Manitoba Liquor and Lotteries (MBLL).

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – January 2012 (Chapter 8)	September 26, 2012 (Passed)
First follow-up – May 2014	-
Second follow-up – May 2015	-

What our original report examined

Our audit examined the security over wireless networking solutions within WRHA (managed by Manitoba eHealth) and Manitoba Lotteries Corporation.

We looked at whether these 2 organizations had:

- Processes to identify wireless risks and monitor changes to them.
- A high-level organizational Information Technology (IT) Security Policy.
- A comprehensive Wireless Security Policy.
- Robust Network Security Controls.
- Current wireless Access Point configuration standards.
- Current client configuration standards.
- An established wireless monitoring program.
- Fully trained wireless network administrators,
- Annual user awareness training.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations at June 30, 2015

As shown in the following table, 14 of our 18 recommendations (2 of 2 for WRHA, 8 of 8 for MBLL, and 4 of 8 for eHealth) have been implemented as at June 30, 2015. Of the 4 recommendations that remain in progress, we note that significant progress has been made on one (recommendation 12).

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**14**	**-**	**-**	**4**	**18**

Because we have followed up on the *Wireless Network Security* report for 3 years, we have prepared the following table that summarizes when recommendations were considered cleared. Recommendations that are considered cleared are excluded from subsequent follow-ups.

Timing of recommendations considered cleared			
Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	-	-	-
May 2015	2	-	-
May 2014	12	-	-
Total	**14**	**-**	**-**

Below we list the recommendations that remain in progress and the recommendations that are considered cleared. For certain recommendations we have added an "OAG comment" to clarify implementation status and to highlight select actions or planned actions.

Work in progress

We recommended that:

1. eHealth conduct a current wireless risk assessment. All residual risk should be reduced and formally accepted by senior management.

   OAG comment: eHealth has completed a wireless risk assessment however the residual risk has yet to be formally accepted by WRHA. Our July 2015 report "WRHA's Management of Risks Associated with End-user Devices" includes a recommendation that eHealth identify, assess and mitigate risks associated with end-user devices, highlighting the continuous need for comprehensive IT risk management.

8. eHealth address our findings in the area of Network Security Controls.

   OAG comment: 8 of 11 findings have been dealt with.

12. eHealth address our findings in the area of client device configuration standards.

    OAG comment: Significant Progress - eHealth has dealt with 7 of 8 findings.

18. eHealth implement a comprehensive Information Security Awareness program. Wireless security threats and risks should be included in this core program.

    OAG comment: eHealth has developed an Information Security Awareness course that incorporates threats and risks.

    Officials advised us that participation is mandatory for all Manitoba eHealth staff. However, as WRHA staff use the wireless networks, it is important that this course be mandatory for all users of the wireless network, including WRHA staff.

Considered cleared

May 2015 report – *status as at June 30, 2014*

Implemented/resolved

We recommended that:

3. MLC develop processes to effectively identify and manage changes to threats and vulnerabilities to all IT systems, including wireless networks.

13. MLC address our findings in the area of client device configuration standards.

May 2014 report – *status as at June 30, 2013*

Implemented/resolved

Directed to eHealth

We recommended that:

2. eHealth develop processes to effectively identify and manage changes to threats and vulnerabilities to all IT systems, including wireless networks.

10. eHealth address our findings in the area of Access Point configuration standards.

14. eHealth implement continuous wireless monitoring in high risk locations that have been identified by a wireless risk assessment. Periodic monitoring of all other locations should be performed routinely.

16. eHealth ensure that all wireless network administrators receive current vendor-specific wireless training and wireless security training.

Directed to the WRHA

We recommended that:

4. WRHA develop, approve and enforce a comprehensive, overarching IT security policy.

6. WRHA develop, approve and enforce a comprehensive wireless security policy.

Directed to MBLL

We recommended that:

5. MLC review all information security policies on a regular basis. This review should be formally documented and any changes effectively communicated to all staff.

7. MLC develop, approve and enforce a comprehensive wireless security policy.

9. MLC address our findings in the area of Network Security Controls.

11. MLC address our findings in the area of Access Point configuration standards.

15. MLC implement continuous wireless monitoring in high risk locations that have been identified by a wireless risk assessment. Periodic monitoring of all other locations should be performed routinely.

17. MLC ensure that all wireless network administrators receive wireless security training.

Rural Municipality of St. Clements

Our recommendations were originally directed to the Department of Local Government and the Rural Municipality of St. Clements (RM). Due to a government reorganization, government of Manitoba recommendations are now directed to the Department of Indigenous and Municipal Relations.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – June 2012	January 13, 2014 May 21, 2014 (Passed)
First follow-up – May 2014	May 21, 2015 (Passed)
Second follow-up – May 2015	-

What our original report examined

Our objective was to determine whether the Grand Marais project was constructed in accordance with the requirements of *The Municipal Act*.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations as at June 30, 2015

As shown in the table below, 2 of our 5 recommendations have been implemented as at June 30, 2015. The Department does not intend to implement recommendation 2, and the RM does not intend to implement recommendation 5 (see comments below).

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**2**	**-**	**2**	**1**	**5**

In our May 2014 Follow-up Report, we indicated that the Department did not intend to implement recommendations 2 and 4. The Department has since changed its position regarding recommendation 4 and is now in the process of implementing the recommendation.

Recommendation 2 deals with making feasibility studies mandatory for large projects. The Department indicated that a feasibility study and/or business plan is a standard requirement for organizations wishing to apply for grants under most programs. For some other programs, feasibility studies/business plans are not required, although they are strongly encouraged.

Also in our May 2014 Follow-up Report, we indicated that the RM did not intend to implement recommendation 5. The RM noted that council had concerns with the need to tender for construction managers or other professional service providers, such as architects and that the RM

did not have the capacity nor the resources to properly draft and evaluate proposals for these types of services. The RM expressed the view that long term relationships with professional service providers offered many benefits, including understanding the policies and past practices of the RM. And that often the relationship with professional firms continued beyond the tenure of the Chief Administrative Officer and Council, thus providing a valuable link in the long term management of the infrastructure of the RM.

Because we have followed up on the *Rural Municipality of St. Clements* report for 3 years, we have prepared the following table that summarizes when recommendations were considered cleared. Recommendations that are considered cleared are excluded from subsequent follow-ups.

Timing of recommendations considered cleared			
Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	1	-	-
May 2015	-	-	-
May 2014	1	-	2
Total	**2**	**-**	**2**

Below we list the recommendation that remains in progress and the recommendations that are considered cleared. We have added an "OAG comment" to clarify the implementation status.

Work in progress

We recommended that:

4. The Department make disposition of assets policies mandatory for all RMs.

    OAG comment: In October 2012 the Department's Municipal Act Procedures Manual was updated to indicate that RMs should include in their tendering and procurement policy the process for disposing of surplus capital assets. The Department advised that they are considering how best to support RMs in their efforts to establish disposition of assets policies.

Considered cleared

This follow-up report – *status as at June 30, 2015*
Implemented/resolved
We recommended that:
1. The RM prepare detailed feasibility studies or business plans for projects of this magnitude.
May 2014 report – *status as at June 30, 2013*
Implemented/resolved
We recommended that:
3. The RM develop and implement a disposition of assets policy.
Do not intend to implement
We recommended that:
2. The Department make feasibility studies mandatory for all RMs for projects of this magnitude.
5. Construction managers should be tendered to ensure the RM is obtaining the most suitable choice for the project.

Website Version

At least one more follow-up review scheduled

- January 2013 Report to the Legislature
- August 2013 Report to the Legislature
- March 2014 Report to the Legislature

Citizen Concerns – North Portage Development Corporation

Our recommendations were originally directed to the North Portage Development Corporation and the Department of Local Government. Due to a government reorganization, the government of Manitoba recommendations are now directed to the Department of Indigenous and Municipal Relations.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – January 2013 (Chapter 2)	May 21, 2015
First follow-up – May 2015	-

What our original report examined

We examined governance issues at the North Portage Development Corporation (NPDC) including term limits for Directors, availability of public information and accountability to shareholders. We also examined the salary levels of executives and expense reports submitted by employees.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations as at June 30, 2015

As shown in the table below, 3 of our 4 recommendations (1 of 2 for NPDC and 2 of 2 for the Department) have been implemented as at June 30, 2015.

We note that significant progress has been made on the remaining recommendation.

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**3**	-	-	**1**	**4**

In our May 2015 Follow-up Report, we indicated that the Department did not intend to implement recommendation 2. The Department has since changed its position regarding this recommendation. It is now considered implemented as the Corporation has added a note on their website indicating that subsidiary financial statements are available upon request.

Because we have followed up on the *Citizen Concerns – North Portage Development Corporation* report for 2 years, we have prepared the following table that summarizes when

recommendations were considered cleared. Recommendations that are considered cleared are excluded from subsequent follow-ups.

Timing of recommendations considered cleared			
Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	1	-	-
May 2015	2	-	-
Total	**3**	**-**	**-**

Below we list the recommendation that remains in progress and the recommendations that are considered cleared. We have added an "OAG comment" to clarify the implementation status of the recommendation that is in progress. An OAG comment included in a prior year follow-up report, for a recommendation considered implemented/resolved, is also reproduced below.

Work in progress

We recommended that:

1. The Corporation amend its bylaws to limit the number of terms that directors can serve.

    OAG comment: <u>*Significant Progress*</u> *- On May 27, 2015, the Corporation circulated to Shareholders for approval a resolution to limit the number of Board terms to two consecutive terms of 3 years each. The resolution will take effect when it is signed by the Shareholders representing the three levels of government. As at June 30, 2015 the resolution had not been returned by the Shareholders. The Corporation is currently complying with the intent of the resolution.*

Considered cleared

This follow-up report – *status as at June 30, 2015*

Implemented/resolved

We recommended that:

2. The Provincial government enter into a discussion with the City and the Federal government to find a mechanism for the public to access detailed information.

May 2015 report – *status as at June 30, 2014*

Implemented/resolved

We recommended that:

3. The Provincial government assess the reasonability of the salary levels at NPDC.

    OAG May 2015 comment: The Department of Municipal Government advised that it reviewed the process by which comparable economic development organizations in Winnipeg set salaries for the Chief Executive Officers. The Department concluded the process is comparable to other similar organizations. Documentation of the analysis was not prepared or retained.

4. The Corporation prepare formal written procedures for purchases and employee expenses.

Information Technology Security Management Practices

Our recommendations were originally directed to the Department of Innovation, Energy and Mines (IEM), the Treasury Board Secretariat (TBS), the Department of Finance, and the Civil Service Commission (CSC). Due to a government reorganization, the Department of Finance is now responsible for implementing the recommendations originally directed to the Department of IEM.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – January 2013 (Chapter 3)	August 8, 2013 June 26, 2014 (Passed)
First follow-up – May 2015	-

What our original report examined

Our audit objective was to determine whether Business Transformation & Technology (BTT) designed and implemented adequate Information Technology (IT) security management practices and controls.

We looked at whether BTT:

- had processes to identify, assess, mitigate, and accept IT security risks.
- had information security strategies that support IT and organizational objectives.
- had policies that address significant IT security risks.
- periodically updated and communicated IT security policies.
- classified and safeguarded information assets.
- ensured that adequate security controls were in place in outsourced services.
- secured system and network operations to protect against threats and vulnerabilities.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations as at June 30, 2015

As shown in the following table, 16 of our 47 recommendations have been implemented as at June 30, 2015. In our May 2015 Follow-up report we noted that BTT did not intend to implement recommendation 14 (see our May 2015 OAG comment in the Considered cleared table below).

Review date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**16**	**-**	**1**	**30**	**47**

Given the value and sensitivity of the information located in the Province's information systems, coupled with accelerating cyber threats (frequency and impact), we continue to stress the importance of information security management. Protecting government information assets, and managing the risks associated with cyber threats, must be a high priority for the Province.

At the August 2013 Public Accounts Committee meeting, the Deputy Minister of Innovation, Energy and Mines (at the time responsible for BTT) indicated that an independent third party had been engaged to assess the risks associated with our recommendations and to develop an implementation roadmap.

In our first follow-up report (May 2015), we noted that the province had (as of June 30, 2014) implemented only 11 of our 47 recommendations and we expressed our concern regarding the slow pace of implementation. As of June 30, 2015, only 5 additional recommendations have been implemented/resolved. We continue to be concerned with the lack of progress. We note that BTT has not consistently followed the steps outlined in the third-party roadmap when addressing our recommendations.

Progress is particularly slow for recommendation 2: "That BTT complete, **on a priority basis**, a comprehensive IT risk assessment, which would include an assessment of IT security risks." As at June 30, 2015, BTT noted that it had established a Risk and Audit Committee that is developing a 5 year audit and review plan that would include the completion of a series of IT Security Risk Assessments." Implementing this recommendation is critical as most of our other recommendations rely on the assessment of risk. As such, we urge BTT to more quickly assess the Province's IT security risks.

Because we have followed up on the *Information Technology Security Management Practices* report for 2 years, we have prepared the following table that summarizes when recommendations were considered cleared. Recommendations that are considered cleared are excluded from subsequent follow-ups.

Timing of recommendations considered cleared			
Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	**5**	**-**	**-**
May 2015	**11**	**-**	**1**
Total	**16**	**-**	**1**

On the following page we list the recommendations that remain in progress and the recommendations that are considered cleared. OAG comments included in prior year follow-up reports, for recommendations considered implemented/resolved, are reproduced in this follow-up report.

Work in progress

We recommended that:

2. BTT complete, on a priority basis, a comprehensive IT risk assessment, which would include an assessment of IT security risks.

3. BTT complete an assessment of the risks related to the operations of the Legislative Building Information System.

4. BTT develop an IT strategic plan and a properly aligned IT security plan.

5. BTT and the Information Protection Centre (IPC) identify performance measures for the management of IT security operations, and that a specific target be set for each measure. Once an IT security plan is in place, performance measures and targets should align with the noted security goals and objectives.

6. BTT and IPC provide senior management with quarterly reports that focus on:
   a. key performance measures (as agreed to by senior management).
   b. performance in relation to the defined targets.
   c. actions to address any performance shortfalls in meeting objectives.

7. BTT obtain, at regular intervals, independent third party audits of its IT security practices, and that progress reports on the implementation of recommendations be provided to senior management.

8. BTT annually determine the total costs associated with IT security.

11. Upon the completion of IT security risk assessments, BTT implement additional IT policy instruments needed to mitigate IT security risks.

16. IPC enhance the security awareness program by:
   a. incorporating the use of IT security incident trends and documented risks.
   b. developing additional security awareness training specifically targeting users in higher risk positions.
   c. using additional awareness techniques.

17. The government:
   a. assign responsibility for information management to an appropriate department.
   b. develop and implement an information management framework.

18. The government implement a data classification standard.

19. Upon the implementation of data classification standards, BTT develop standards and procedures for properly handling electronic media during use.

20. The CSC amend their *Security Check* policy to:
   a. require periodic statutory declarations from employees in designated positions.
   b. once a data classification system is in place, require periodic security checks on employees in designated higher risk positions.

25. IPC establish standard IT security requirements. Once these are in place, we recommend that IPC assess whether the security practices of contractors meet the standard requirements and, if there are gaps, that IPC ensure security practices are strengthened.

Work in progress (cont'd)

We recommended that:

26. BTT periodically obtain independent assurance that the IT security practices used by its contractors are operating effectively.

28. BTT obtain periodic assurance over the operating effectiveness of the IT security practices employed at the Department of Health data centre.

29. BTT implement a configuration management database with updated network diagrams.

30. BTT implement a configuration management process.

31. IPC establish baseline configuration standards for all of its information systems and network components.

32. BTT establish a configuration control board or oversight committee.

34. IPC conduct authenticated vulnerability scans on high risk components within the environment.

36. IPC monitor the implementation of security patches within the environment.

37. IPC periodically review firewall design and test operating effectiveness.

38. IPC update their zoning standards and network diagrams.

39. IPC contact system owners to develop a plan to migrate highly sensitive information assets into the high security zone.

40. Upon completion of IT security risk assessments and the implementation of data classification standards, BTT implement a data loss prevention strategy.

41. IPC implement email and laptop hard drive encryption methods that appropriately protect all levels of data sensitivity.

43. BTT enhance the *Incident Management Guide* by:
    a. developing standard operating procedures and workflows.
    b. defining escalation procedures.

44. BTT establish an after business hours response program.

46. IPC routinely test information security incident management processes and make improvements as required.

Considered cleared

This follow-up report – *status as at June 30, 2015*

Implemented/resolved

We recommended that:

22. BTT develop logical access control requirements.

23. BTT develop and implement minimum physical security requirements for data centres.

35. BTT implement security patch management processes for databases and applications.

45. IPC document, track, and analyze all information security events and incidents.

47. BTT implement a comprehensive Disaster Recovery Plan framework for critical IT services and systems.

May 2015 report – *status as at June 30, 2014*

Implemented/resolved

We recommended that:

1. BTT enhance the *ICT Risk Management Model* by requiring consultation with relevant stakeholders within government on their risk tolerances and their willingness to accept residual IT risks.

     OAG May 2015 comment: BTT enhanced their ICT Risk Management Model to ensure tolerances are understood and residual risk accepted, but BTT has not yet clearly determined who is responsible for accepting IT risks as well as how IT risks are to be accepted within the Government of Manitoba.

9. BTT strengthen its *Policy Management Framework* by requiring that IT risk assessments and strategic objectives support the need for new or updated policy instruments.

     OAG May 2015 comment: BTT strengthened their ICT Policy Management Framework to note that policies are to be driven by risk assessments and strategic objectives. However, they have not yet updated any existing policies and have only created one new policy, the IT Security Policy (see recommendation 10). Because recommendation 2 has not been implemented, we could not determine if risk assessments and strategic objectives will result in new or updated policy instruments.

10. BTT implement an over-arching IT Security Policy.

12. BTT strengthen its *Policy Management Framework* by defining the frequency of IT policy instrument review.

     OAG May 2015 comment: BTT strengthened their ICT Policy Management Framework to require that the entire body of their policy instruments be reviewed on a regular basis and that planned review dates be noted within each individual policy instrument. However, it does not specifically define the frequency by individual instrument or by type of instrument (i.e. policy, standard, guideline, procedure).We noted that only the IT Security Policy has since been created and that it states its next planned review date.

13. BTT develop a prioritized schedule or plan for the review and update of all existing IT policy instruments and that progress against the plan be actively monitored.

Website Version

Considered cleared (cont'd)

We recommended that:

15. The government make security awareness training mandatory for government employees with access to the electronic network and systems, immediately upon hiring and periodically thereafter.

    OAG May 2015 comment: In May 2013, the Secretary to Treasury Board communicated to Deputy Ministers the expectation that all new and existing employees attend the Information Security Awareness training sessions, as well as a refresher course approximately four to five years thereafter. The communication also requests that Deputy Ministers develop a plan for ensuring all staff, both new and existing, attend this training and track staff attendance.

    We encourage TBS to periodically follow-up on the request and track government-wide uptake of the BTT security awareness training.

21. BTT obtain periodic assurance that contractors are obtaining security checks on employees with access to government information assets.

    OAG May 2015 comment: BTT deals with 3 major vendors and obtained confirmation from 2 that security checks had been performed. The other major vendor stated that they were able to confirm that security checks were performed on only new employees after 2008, but not before. This vendor stated that they are establishing a process to ensure that all employees required to undergo security clearances do so.

24. The Provincial Comptroller's Office, in collaboration with BTT, create a standard procedures checklist for use when employees are suspended or fired.

27. BTT develop a new Memo Of Understanding that clearly defines IT security requirements and the relationship between BTT, the Information Systems Branch and the Department of Health.

33. IPC develop and implement a vulnerability assessment methodology.

    OAG May 2015 comment: IPC developed a Vulnerability Management Standard. We are concerned, however, that the scope, frequency and cycles noted in the standard are not based on documented risk assessments.

42. IPC implement a security event monitoring plan, highlighting a Security Information & Event Management system utilization.

Do not intend to implement

We recommended that:

14. BTT amend the Employee Network Usage Policy (ENUP) to require new and existing users of the government network, systems, and information assets to acknowledge, either through signature or digital means, their responsibility to comply with the expectations included in the ENUP.

    OAG May 2015 comment: As noted in our original audit report, users of the Employee Network are asked if they wish to read the policy each time they log into the network. This does not ensure that users have read the policy or that they understand their responsibility to comply with its expectations.

Manitoba Early Learning and Child Care Program

Our recommendations were originally directed to the Department of Family Services and Labour. Due to a government reorganization, the Department of Education and Training is now responsible for implementing our recommendations.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – January 2013 (Chapter 4)	October 30, 2013 November 26, 2013 June 26, 2014 (Passed)
First follow-up – May 2015	-

What our original report examined

We examined the Department's management of the Manitoba Early Learning and Child Care Program, including its systems and practices for planning and performance measurement, ensuring compliance with child care standards, and providing financial support to eligible child care facilities and families.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations as at June 30, 2015

As shown in the table below, 12 of our 25 recommendations have been implemented as at June 30, 2015.

Of the 13 recommendations that remain in progress, we note that significant progress has been made on 8 (recommendations 1, 12, 14, 16, 19, 20, 21 and 22).

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**12**	**-**	**∗**	**13**	**25**

∗ The Department does not intend to implement certain aspects of recommendation 3.

In our May 2015 Follow-up Report we noted that the Department did not intend to implement recommendation 3a. The recommendation deals with measuring and publicly reporting on wait times for child care. The Department noted that a system review found that its current information system lacked the capacity to do this.

Because we have followed up on the *Manitoba Early Learning and Child Care Program* report for 2 years, we have prepared the following table that summarizes when recommendations were considered cleared. Recommendations that are considered cleared are excluded from subsequent follow-ups.

Timing of recommendations considered cleared			
Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	**6**	-	-
May 2015	**6**	-	-
Total	**12**	**-**	**-**

Below we list the recommendations that remain in progress and the recommendations that are considered cleared. For certain recommendations we have added an "OAG comment" to clarify the implementation status.

Work in progress

We recommended that:

1. The Department regularly include the following in its internal child care strategic planning:
   a. information compiled from its Online Child Care Registry on wait times and the levels of demand for different types of child care spaces.
   b. trends in facility compliance with all key standards.
   c. summary results from quality assessments of centers' learning and development activities.
      OAG comment: <u>Significant Progress</u> - The Department has implemented 1(a) and (c).

3. The Department improve publicly reported child care information by:
   a. measuring and reporting wait times for child care.
   b. determining the most significant child care standards and then reporting the province-wide level of facility compliance with these key standards.
   c. ensuring facility licences clearly communicate all legislated standards not being met.
      OAG comment: The Department does not intend to implement 3(a).

5. The Department enhance its facility database by:
   a. expanding it to include facility inspection results.
   b. verifying the accuracy and completeness of database information during annual facility inspections.
      OAG comment: The Department has implemented 5(b).

7. The Department improve its processes for ensuring that family home providers operating over the 4-child (at any given time) limit are properly licensed by:
   a. further educating stakeholders about family home provider licensing requirements.
   b. periodically searching for unlicensed facilities that should be licensed.
      OAG comment: The Department has implemented 7(a).

10. The Department link the frequency of regular facility inspections and monitoring visits to underlying risk factors, such as facility inspection history and licence type, and then ensure that all required visits are conducted.

Work in progress (cont'd)

We recommended that:

12. The Department investigate all complaints that a family home provider is caring for more than 4 children (at any given time) without a licence promptly, thoroughly, and in accordance with its recently revised policy for handling complaints about unlicensed facilities.

    > ***OAG comment:*** *Significant Progress*

14. The Department:

    a. ensure that monitoring and enforcement activities are escalated when consecutive provisional licences show repeated or serious violations.
    b. comply with the Department's policy requiring all ordered actions to be properly addressed before licensing orders are removed.
    c. ensure all escalated monitoring and enforcement actions, including those related to licensing orders, are fully documented.

    > ***OAG comment:*** *Significant Progress - The Department has implemented 14(b) and (c) and are escalating enforcement activities when warranted.*

16. The Department:

    a. regularly update licensing and policy and procedures manuals to ensure they reflect current standards and practices.
    b. give sufficient guidance to coordinators to ensure greater consistency in conducting inspections and providing correction timeframes.
    c. develop criteria for assessing the adequacy of documents submitted for initial licensing.

    > ***OAG comment:*** *Significant Progress - The Department has implemented 16(b) and (c).*

19. The Department ensure that operating grant calculations are accurate and consistent by:

    a. providing tools (such as Excel templates) to help with complex manual calculations.
    b. providing further guidance as to when adjustments for space utilization may be overridden for "low attendance for a short period of time", and making this guidance available to all facilities.
    c. reconciling existing funding policy with actual funding practice for extended care spaces, and ensuring funding is consistent with the *Child Care Regulation*.
    d. linking the funding for an extended care space to the number of extended care hours being provided.
    e. implementing a documented quality assurance process for grant calculations.

    > ***OAG comment:*** *Significant Progress - The Department has implemented 19 (a), (b), (c) and (d).*

20. The Department improve its financial monitoring of facilities by:

    a. requiring nursery schools receiving larger dollar grants to submit operating budgets.
    b. documenting reviews of facility financial statements that include variance analysis, as well as monitoring of facility compliance with parent fee maximums, base minimum wage rates where a wage adjustment grant is being provided, and all pension plan financial requirements.

    > ***OAG comment:*** *Significant Progress - The Department has implemented 20(b).*

21. The Department ensure that parents are made aware of parent fee limits, and provided with a means of determining whether or not their child care facility is required to comply with the fee limits, by including this information in its *Parent Guide to Quality Child Care*.

    > ***OAG comment:*** *Significant Progress*

Work in Progress (cont'd)

We recommended that:

22. The Department improve the Inclusion Support Program by developing policies and processes to more fully and consistently assess and document:

    a. children's inclusion support needs.
    b. facilities' inclusion support capabilities.
    c. cost-effective options for bridging gaps between children's support needs and facilities' capabilities, together with an approved rationale for the nature, level, and period of funding support selected, or a rationale for denying funding.

    OAG comment: <u>Significant Progress</u> - The Department has implemented 22(a) and (b).

23. The Department develop a documented quality assurance process to ensure that all inclusion support payments over amounts originally approved are properly explained and authorized.

Considered cleared

This follow-up report – *status as at June 30, 2015*

Implemented/resolved

We recommended that:

4. The Department develop processes to improve communication and accountability reporting between the service delivery and policy/administration arms of the Early Learning and Child Care Program.

6. The Department develop processes to ensure that it does not issue initial or renewed licences when departmental policy prohibits it, or issue initial licences before it has received all the information the *Child Care Regulation* requires.

13. The Department follow up all standards violations promptly and verify the corrective actions facilities report by obtaining supporting documentation or re-visiting the facilities.

15. The Department implement structured, consistent and ongoing orientation and training processes for child care coordinators and their supervisors.

17. The Department develop checklists to help supervisors assess the quality and consistency of child care coordinator work, including the level of compliance with the Department's inspection and licensing policies, when reviewing licensing packages.

24. The Department improve its processes for verifying child care subsidy eligibility by:

    a. regularly sharing information between provincial income assistance and child care programs when applicants' eligibility for subsidy depends on their eligibility for income assistance.
    b. periodically requesting tax information from the Canada Revenue Agency for a sample of subsidy applicants and recipients.
    c. documenting all verification activities performed.

Considered cleared (cont'd)

May 2015 report – *status as at June 30, 2014*

Implemented/resolved

We recommended that:

2. The Department clearly state progress towards its $37 million capital commitment and its commitment to an overall funding increase of 20% to support a stronger workforce when publicly reporting on its 5-year child care agenda.

8. The Department direct coordinators to:
    a. refrain from overly preparing facilities for inspections.
    b. schedule family home inspections when children will be present.
    c. comply with its policy requiring some monitoring visits to be during evenings and weekends for facilities with extended hours.
    d. document whether inspections and other visits were unannounced or scheduled.

9. The Department pilot-test doing some family home inspections on an unannounced basis, and then reconsider the need to schedule all family home inspections with providers.

11. The Department improve inspection documentation so that:
    a. all checklist questions are answered and answers are consistent with accompanying comments.
    b. expected completion dates are provided for all corrective actions required.

18. The Department provide facilities with the criteria and priorities being used to allocate new funding to previously unfunded spaces, and fully document the rationale for all its decisions to approve or defer funding.

25. The Department improve the accuracy of subsidy payments by:
    a. providing related staff training to subsidy advisors and their supervisors.
    b. requiring supervisors to regularly conduct and document detailed reviews of subsidy calculations

Office of the Fire Commissioner

Our recommendations are directed to the Civil Service Commission (CSC), Treasury Board Secretariat and the Department of Finance.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – January 2013 (Chapter 6)	October 30, 2013
First follow-up – May 2015	-

What our original report examined

On July 29, 2011, the Minister of Finance requested that the Office of the Auditor General perform a Special Audit of the Office of the Fire Commissioner (OFC) under Section 16 of *The Auditor General Act*. This request was made after financial irregularities were found by the Provincial Comptroller.

We examined expense claims, accountable advances, corporate credit card transactions, purchasing card transactions, and other travel related documentation, concerning 5 employees of the OFC. We also examined emails, fleet vehicle and attendance reports.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations as at June 30, 2015

As shown in the table below, 2 of our 4 recommendations have been implemented as at June 30, 2015.

Of the 2 recommendations that remain in progress, we note that significant progress has been made on one (recommendation 4).

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**2**	**-**	**-**	**2**	**4**

Because we have followed up on the *Office of the Fire Commissioner* report for 2 years, we have prepared the following table that summarizes when recommendations were considered cleared. Recommendations that are considered cleared are excluded from subsequent follow-ups.

Timing of recommendations considered cleared			
Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	**1**	-	-
May 2015	**1**	-	-
Total	**2**	**-**	**-**

Below we list the recommendations that remain in progress and the recommendations considered cleared. For certain recommendations we have added an "OAG comment" to clarify implementation status and to highlight select actions or planned actions.

Work in progress

Directed to the Civil Service Commission

We recommended that:

3. *The Public Interest Disclosure (Whistleblower Protection) Act* be assessed, and revised if necessary.

> *OAG comment: The Civil Service Commission (CSC) retained a consultant to undertake a review of the Public Interest Disclosure Act (PIDA). The report on this review was completed in April 2014 and included 10 recommendations. CSC indicated that 2 of the consultant's 10 recommendations are implemented, and the other 8 are underway.*

Directed to the Treasury Board Secretariat and the Province

We recommended that:

4. The Internal Audit and Consulting Services (Internal Audit) report recommendations on strengthening the oversight role of the Procurement Services Branch be implemented, as appropriate.

> *OAG comment: <u>Significant Progress</u> - In 2010, Internal Audit completed an audit on purchasing card processes and, in 2014, completed an audit of travel card and business travel account compliance. These audits resulted in a number of recommendations to improve the oversight role of the Procurement Services Branch and departments. In response, updated purchasing card policies and guidelines were developed and communicated. We were also told that new travel card guidelines are being developed to improve monitoring of travel card and business travel account activity and use. The guidelines will prescribe the methods and frequency for department staff to periodically monitor travel card activity for personal use and overdue accounts. The guidelines will also include a quarterly process whereby departments must report to the Procurement Services Branch indicating that their Executive Financial Officer has reviewed the summary of their quarterly activity and must note any areas of concern and action plans for addressing.*
>
> *Recommendations regarding the oversight role of the Procurement Services Branch are also noted in our March 2014 report on Northern Airports and Marine Operations and our March 2014 report on Waiving of Competitive Bids (follow-ups to these reports are on page 90 and 92).*

Considered cleared
This follow-up report – *status as at June 30, 2015*
Implemented/resolved
We recommended that:
2. The Special Operating Agency governance model be assessed, and revised if necessary.
May 2015 report – *status as at June 30, 2014*
Implemented/resolved
We recommended that:
1. The Minister of Finance forward our detailed audit findings to Civil Legal Services.

Other matter followed-up

Our original report noted that Internal Audit and Consulting Services (Internal Audit) had made recommendations to improve the comptrollership function and control environment at OFC. We indicated that we would be reviewing the status of Internal Audit's recommendations when we followed-up on our recommendations. The July 2011 Internal Audit report on OFC included 57 recommendations. In July 2015, Internal Audit reported that 52 of the recommendations were implemented by OFC, and that 3 were substantially completed. 2 recommendations remained as work in progress. The July 2015 follow-up report noted that overall, the OFC had made it a priority to establish clear policies and directives and to also monitor compliance in areas where this was previously lacking.

Provincial Nominee Program for Business

Our recommendations were originally addressed to the Department of Entrepreneurship, Training and Trade. Due to a government reorganization, the Department of Education and Training is now responsible for implementing our recommendations.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – January 2013 (Chapter 7)	October 9, 2013
First follow-up – May 2015	-

What our original report examined

We examined the Program's policies and procedures for the assessment of applications, the functions of the business settlement office, and the measurement of Program outcomes. We also examined the processes in place for the detection of and response to false documentation.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations as at June 30, 2015

As shown in the table below, 10 of our 13 recommendations have been implemented as at June 30, 2015.

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**10**	**-**	**-**	**3**	**13**

Because we have followed up on the *Provincial Nominee Program for Business* report for 2 years, we have prepared the following table that summarizes when recommendations were considered cleared. Recommendations that are considered cleared are excluded from subsequent follow-ups.

Timing of recommendations considered cleared			
Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	**2**	**-**	**-**
May 2015	**8**	**-**	**-**
Total	**10**	**-**	**-**

Below we list the recommendations that remain in progress and the recommendations that are considered cleared. OAG comments included in prior year follow-up reports, for recommendations considered implemented/resolved, are reproduced below.

Work in progress

We recommended that:

10. The Program:
    a. monitor nominees to ensure they comply with the *Deposit Agreement*, including semi-annual reporting.
    b. develop a process to follow up on nominees who do not comply with the *Deposit Agreement*.

11. The Program formalize arrangements with other departments and agencies to obtain and share personal information on landed nominees.

12. The Program assess its long-term performance by developing a tracking mechanism and regularly monitoring whether nominees continue to live and operate a business in Manitoba after their deposit is returned.

> *__OAG comments for #10, #11 and #12:__ The program is working to resolve certain logistical roadblocks to the effective sharing of information between departments. The Program advised that once arrangements are formalized with other departments, better tracking mechanisms can be put in place.*

Considered cleared

This follow-up report – *status as at June 30, 2015*

Implemented/resolved

We recommended that:

1. The Program:
   a. develop a risk matrix.
   b. complete the risk matrix for all files.
   c. perform additional due diligence procedures or use third party verification if the risk matrix indicates they are necessary.

9. The Program:
   a. create a database of all indicators of false documentation identified during the verification process and regularly update it.
   b. develop procedures to ensure that application documentation is compared to the indicators of false documentation in the database.

Considered cleared (cont'd)

May 2015 report – *status as at June 30, 2014*
Implemented/resolved

We recommended that:

2. If the assessment process finds false documentation or misrepresentation of a significant nature, the Business Immigration Officer stop processing the application and recommend that the Assessment Review Team reject it.

   > *OAG May 2015 comment: The Department has moved to a one step application process. Applications will now be immediately rejected if significant false documentation or misrepresentation is found.*

3. The Program require applicants to submit all required information once—at the initial application stage.

4. The Program revise its current information release forms to ensure that applicants consent to the collection and verification of their information by the Program or its agents in the applicant's home country. Alternatively, we recommend that the Program require applicants to submit their key documents directly to third-party contractors the Program has accepted for verification.

5. The Program remove references to the Selection Committee from the Policy and Procedures Manual.

6. The Program update the Policy and Procedures Manual to the same time period referred to in the acceptance letter.

7. The Program update the Policy and Procedures Manual to the same time period referred to in the *Certificate of Nomination*.

8. Program employees complete conflict-of-interest forms annually and that management review them.

   > *OAG May 2015 comment: We found that program employees had completed conflict-of-interest disclosures for 2013 and 2014. Management advised us that it intends to update its policy to reflect the annual declaration requirement.*
   >
   > *Our March 2014 Report to the Legislature includes the results of our audit on Manitoba's Framework for an Ethical Environment. In that report we recommend that the Civil Service Commission's conflict of interest policy be amended to require periodic, preferably annual, updates of conflict of interest declarations (Recommendation 12).*

13. The Program clarify policies and procedures for site visits.

Senior Management Expense Policies

Our recommendations are directed to the Treasury Board Secretariat.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – January 2013 (Chapter 8)	August 8, 2013 June 26, 2014 (Passed)
First follow-up – May 2015	-

What our original report examined

We examined whether expense policies were in place for senior management in 113 provincial agencies, boards and commissions and the degree to which policies varied across government.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendation. All of our reports are available at our website: oag.mb.ca

Status of our recommendation as at June 30, 2015

As shown in the table below, our recommendation has not been implemented as at June 30, 2015.

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	-	-	-	1	1

Below we list our recommendation.

Work in progress
We recommended that: 1. Treasury Board Secretariat monitor whether all agencies, boards and commissions have appropriate expense policies in place, consistent with the General Manual of Administration (GMA) or applicable legislation.

Rural Municipality of Lac du Bonnet

Our recommendations were originally directed to the Department of Local Government and the Rural Municipality of Lac du Bonnet. Due to a government reorganization, government of Manitoba recommendations are now directed to the Department of Indigenous and Municipal Relations.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – August 2013	January 13, 2014 May 21, 2015 (Passed)

What our original report examined

In March 2008, we began receiving allegations about poor administrative practices in the Rural Municipality of Lac du Bonnet (RM). We reviewed the more significant allegations relating to the RM's administrative practices.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations as at June 30, 2015

As shown in the table below, no recommendations have been implemented as at June 30, 2015.

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	-	-	-	2	2

On the following page we list the recommendations that remain in progress. We have added an "OAG comment" to highlight select actions and planned actions by the RM and the Department.

Work in progress

We recommended that:

1. The RM and the Planning District improve their overall administrative practices and the Province monitor progress.

    > **OAG comment:** *The Department of Municipal Government advise that it has assigned a Municipal Services Officer (MSO) to monitor the RM's progress in improving administrative practices. The MSO told us that they regularly contact the RM to provide support for procedural and administrative matters.*

2. The Province follow-up on the property taxes written off at the tourist camp.

    > **OAG comment:** *The Department indicated that they have followed up with Conservation and Water Stewardship, which is responsible for Crown land leases, about the issue of non-payment of municipal property taxes by lessees of Crown Land. Because property taxes are assessed on crown lands, municipalities cannot resort to tax sales. Conservation and Water Stewardship has advised that it is considering how to strengthen enforcement of Crown land leases where property taxes are not paid by the lessee. The Department will continue to monitor the situation and consider how best to support municipalities in the collection of tax arrears.*

Citizen Concerns – Town of Lac du Bonnet – Bulk Water Sales

Our recommendation is directed to the Town of Lac du Bonnet.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – March 2014 (Chapter 2)	May 21, 2015 (Passed)

What our original report examined

A concerned citizen provided to us information that the revenue recorded by the Town of Lac du Bonnet (Town) for bulk water sales did not agree with the amount of water leaving the Town's water facility. As a result, we examined the Town's process for recording and controlling bulk water sales.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendation. All of our reports are available at our website: oag.mb.ca

Status of our recommendation as at June 30, 2015

As shown in the table below, our recommendation has been implemented as at June 30, 2015.

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**1**	**-**	**-**	**-**	**1**

Below we list our recommendation. We have added an "OAG comment" to clarify the implementation status.

Considered cleared
This follow-up report – *status as at June 30, 2015*
Implemented/resolved
We recommended that: 1. The Town change its internal controls over bulk water sales by either moving to another system or segregating staff duties.   *OAG comment: The Town of Lac du Bonnet now has a card reader that records all bulk water sales transactions and generates transaction reports. These reports are used to reconcile bulk water sales to the general ledger.*

Helicopter Ambulance Program

Our recommendations were originally directed to the Department of Health. An amended Service Provider Agreement (SPA) between the Shock Trauma Air Rescue Society (STARS) and the Winnipeg Regional Health Authority (WRHA) took effect on August 1, 2014. As a result, recommendations 2 - 5 are now directed to the WRHA. Recommendation 1 is directed to both Health and the WRHA.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – March 2014 (Chapter 4)	-

What our original report examined

Our audit objectives were:

- To assess if procurement of the helicopter ambulance program was in compliance with provincial tendering principles, polices, and legislation.

- To assess if the Department of Health has an appropriate oversight process to ensure compliance with key elements of the SPA.

During the course of the audit other matters were brought to our attention regarding quality of patient care concerns.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations as at June 30, 2015

As shown in the table below, 1 of our 5 recommendations has been implemented as at June 30, 2015.

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**1**	**-**	**-**	**4**	**5**

On the following pages we list the recommendations that remain in progress and the recommendation considered cleared.

Work in progress

We recommended that:

1. Health develop and implement an ongoing quality assurance process to oversee STARS clinical operations.

   OAG comment: The WRHA advised us that it intends to use a collaborative approach with STARS for quality assurance. Reliance would be placed on STARS's quality assurance process, augmented by requests from the Joint Operations Committee (JOC). The JOC consists of up to 19 individuals from STARS, WRHA, Health and other health organizations and is mandated to, among other responsibilities "ensure oversight of STARS quality assurance processes for clinical operations". The JOC will receive quality assurance reports conducted by STARS officials.

   The intent of our recommendation is that an independent quality assurance program to oversee STARS be established. Quality assurance reviews of STARS operations conducted by STARS personnel are not independent reviews. Independent quality assurance is a best practice for overseeing the performance of a third-party provider. This is all the more vital in this situation given the quality of care concerns noted in the initial report.

   The Department's original response to recommendation 1 (included in our March 2014 report) recognized the value of an independent quality assurance review process. The Department stated that: "As part of the Emergency Medical Services (EMS) reviews of 2013 the need for a quality assurance program (QAP) across the system was identified. Manitoba Health prioritized this recommendation for implementation and it is expected early in 2014 that The Office of Medical Direction (OMD) will be established. The OMDs role is to ensure consistency of medical training and practice across the EMS system in Manitoba. To ensure this consistency, monitoring and evaluation of the system's medical performance will be essential. This will be accomplished through a QAP. The QAP will be led by an Assistant Medical Director specifically tasked to the QAP."

   In our view, it is important that this commitment to independent quality assurance be pursued.

2. Health conduct a risk assessment to identify key performance areas. We also recommend that Health develop a performance management framework for key areas, including performance metrics, assignment of responsibility for information, timing requirements and corrective actions.

   OAG comment: Given the importance of risk assessments and performance management, we are concerned that little progress has been made.

3. Health differentiate performance expectations for inter-facility transport and scene call chute times.

4. Health review operational issues, including manifests, stand downs, referral emergency physician (REP) access, and landing zones. We also recommend that Health develop policies to monitor and track operational issues and prescribe corrective actions for breaches of these policies.

   OAG comment: Given the importance of monitoring operational issues, we are concerned that little progress has been made.

Considered cleared
This follow-up report – *status as at June 30, 2015*
Implemented/resolved
We recommended that: 5. Health develop a process to ensure that certificates of insurance are updated annually.

Lake Manitoba Financial Assistance Program: Parts C & D

Our recommendations were originally directed to the Department of Agriculture, Food and Rural Development. However, the following was noted in our March 2014 report:

"The Lake Manitoba Financial Assistance (LMFA) Program is not an ongoing program and claims processing was drawing to a close as we were completing this audit; however, our audit highlights valuable lessons learned for future programs, as well as the ongoing Disaster Financial Assistance (DFA) Program. While we expect that the Emergency Measures Organization (EMO) will continue to deliver the DFA Program, the department or government entity that may deliver any future programs similar to the LMFA Program is unknown. We have therefore directed our recommendations, intended for disaster financial assistance programs unrelated to agricultural production, to the Province. We would also expect EMO to determine whether any of these recommendations apply to the DFA Program."

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – March 2014 (Chapter 5)	July 8, 2015 (passed)

What our original report examined

The Manitoba Agricultural Services Corporation (MASC), a crown corporation in Manitoba Agriculture, Food and Rural Development (MAFRD), was responsible for delivering the Lake Manitoba Financial Assistance (LMFA) Program, part of the Building and Recovery Action Plan (BRAP) developed by the Province in response to the 2011 flood. Part C of the LMFA Program provided residents and businesses with financial assistance to offset the costs of property damage, temporary accommodation, and flood protection measures taken as a direct result of elevated flood waters in the Lake Manitoba flood zone. Part D provided assistance for more permanent flood protection.

We examined MASC's administration of Parts C and D of the LMFA Program, particularly the adequacy of its systems and processes for setting and communicating program rules, processing claims, and communicating decisions. We also examined how the BRAP Appeals Commission and MASC handled Part C and D appeals.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Recommendations made in our original report

EMO has indicated that they have reviewed the recommendations and noted many elements of the recommendations are included in their own DFA program. In addition EMO advised that

they will apply the recommendations to any ad hoc disaster assistance programs that they are tasked to implement in the future. In addition, when they are assigned to act in an advisory role for other government entities responsible for developing new disaster financial assistance programs, EMO will work to ensure that the recommendations are considered in the development of these specific programs.

Recommendations

We recommended that:

1. The Province:
   a. develop policies and rules for disaster financial assistance programs as fully as possible before starting to process claims.
   b. treat all disaster financial assistance programs claims consistently, regardless of when the claims are processed or the program rules are finalized.

2. The Province clearly document all policies and rules developed for disaster financial assistance programs in comprehensive policy manuals readily available to all staff.

3. The Province make the detailed policies and rules for disaster financial assistance programs publicly available.

4. The Province ensure that communication strategies for disaster financial assistance programs manage claimants' expectations about "being made whole".

5. When providing advances to disaster financial assistance claimants, the Province clearly explain the accountability and repayment requirements.

6. The Province ensure that disaster financial assistance programs require:
   a. claimants (or program inspectors) to provide pictures of damaged household contents whenever possible.
   b. program staff to clearly document their assessments of the reasonableness of claimed damage to household contents whenever pictures cannot be provided.

7. The Province analyze the costs and benefits of the different approaches used to obtain residential fair market values, as well as possible alternative approaches, and then adopt an equitable and consistent approach for all programs or clarify why different approaches are needed.

8. The Province ensure any comparisons of estimated repairs to estimated fair market values required to calculate disaster financial assistance payments are adequately supported and properly documented.

9. The Province ensure that:
   a. policy choices are supported by analysis of the estimated number of claims affected and the related costs.
   b. disaster financial assistance payments compensate only actual or likely losses.

10. The Province ensure there is clear and complete file documentation supporting all business loss calculations.

11. The Province provide staff with sufficient training before they start processing disaster financial assistance claims.

12. The Province ensure disaster financial assistance programs have quality assurance processes that:
    a. select all high-risk payments (plus a sample of all others) for detailed review before release.
    b. track and monitor the level of payment accuracy and identify any corrective action required.

Recommendations (cont'd)

We recommended that:

13.   The Province identify and mitigate risks associated with staff processing disaster financial assistance claims for family, friends, relatives, or neighbours, and ensure that all declared conflicts of interest and their resolution are documented.

14.   When hiring contract inspectors and appraisers to support disaster financial assistance programs, the Province:
      a.   specify the qualifications, experience, and service levels required.
      b.   use competitive tendering whenever possible.
      c.   ensure service provider contracts have clauses setting out procedures to identify and resolve conflicts of interest.
      d.   schedule inspections and appraisals only where necessary and in an efficient manner.

15.   The Province ensure disaster financial assistance staff routinely inquire and document if claimants have any insurance offsetting their flood-related losses.

16.   The Province store all disaster financial assistance data and correspondence electronically and develop standard templates to help claimants submit all required information.

17.   The Province track the following management information for disaster financial assistance programs:
      a.   amounts paid for different types of expenses in major expense sub-categories.
      b.   wait times for payments, including the time from initial receipt of a payment request, as well as the time from receipt of all required information.
      c.   types, counts, and dollar amounts of claimed items denied.
      d.   amounts recoverable from the federal government under cost-sharing agreements.

18.   The Province communicate all disaster financial assistance program deadlines clearly, in writing, and with as much notice as possible.

19.   The Province:
      a.   communicate all disaster financial assistance program decisions in writing.
      b.   ensure that all decision letters clearly indicate whether claimed items have been accepted, adjusted, or denied.
      c.   provide user-friendly explanations of how payments were calculated and why any claimed items were adjusted or ruled ineligible.

20.   The Province ensure that appeal bodies for disaster financial assistance programs:
      a.   have clear mandates.
      b.   have independent access to program policies and rules.
      c.   clearly explain the reasoning supporting their decisions.

21.   The Province provide claimants appealing disaster financial assistance program decisions with generalized written guidance on the types of evidence and witnesses likely required for successful appeals.

Managing the Province's Adult Offenders

Our recommendations are directed to the Department of Justice.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – March 2014 (Chapter 6)	August 27, 2014

What our original report examined

We examined how adequately the Department managed adult correctional centre capacity, adult offenders in the community, adult rehabilitation programs, and related public performance reporting.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations as at June 30, 2015

As shown in the table below, 10 of our 29 recommendations have been implemented as at June 30, 2015.

Of the 19 recommendations that remain in progress, we note that significant progress has been made on 8 (recommendations 2, 10, 11, 13, 15, 17, 24 and 25).

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**10**	*	*	**19**	**29**

* Action is no longer required on recommendation 14(a). Also, the Department does not intend to implement recommendation 28(a) and (d). The other components of recommendations 14 and 28 have been implemented.

The Department advised that recommendation 14 (a) is no longer required as the automated curfew calling has been discontinued.

The Department also advised that it does not intend to implement recommendation 28 (a) and (d). Officials are satisfied with the current method of calculating recidivism and do not believe that additional recidivism information and the extra work required to obtain it will be of any added benefit to the Department.

On the following page we list the recommendations that remain in progress and the recommendations considered cleared. For certain recommendations we have added an "OAG comment" to clarify implementation status.

Work in progress

We recommended that:

1. The Department track and monitor key overcrowding trends and impacts in adult correctional centres, including the average number of offenders double-bunked in formerly single cells, triple-bunked, in dorm style accommodation in gym space, and in other types of less-preferred arrangements.

2. The Department set system-wide, clearly defined accommodation standards for all correctional centres.

   OAG comment: Significant Progress - The Province is moving forward on the replacement of the Dauphin Correctional Centre. During 2015, consultants hired by the Department conducted a pre-architectural planning study for the new facility. Goals of the study were to define space needs and operational vision for the new facility and included improving the conditions of confinement, focusing on rehabilitation and treatment, and improving working conditions for staff. The Department advised that it intends to use the accommodation standards that will be developed for the new facility as the standards for all future construction.

4. The Department formally assess the likely costs, risks, and benefits - particularly the potential reduction in bed demand and related capital and operating cost savings - of expanding and improving the following: bail support programs, drug and mental health courts and related treatment programs, electronic monitoring, and initiatives to reduce the time to trial and case disposition.

7. The Province have the Department work with Manitoba Infrastructure and Transportation to prepare a comprehensive, long-term capital plan that:
   a. responds to any bed shortfall identified by updated adult custody population forecasts, as well as the Department's plans to reduce bed demand.
   b. identifies and responds to the significant repairs, maintenance, and replacement work required to properly upgrade and maintain aging adult correctional centre infrastructure.
   c. includes future capital and operating cost estimates, as well as an estimated cost of deferred maintenance.

10. The Department:
    a. investigate why a significant number of offender risk assessments are late and not properly updated, develop a plan for improvement, and regularly monitor progress.
    b. ensure that all staff clearly document the specific risk-assessment information verified and the details of the verification work performed, including the names and dates of any collateral contacts.

    OAG comment: Significant Progress - The Department advised that following our audit a workload analysis was done. It resulted in a realignment of workloads, including additional staff support for probation officers and identified the need to create a central internal review unit for quality assurance and process improvement. The Department is working to establish this unit.

11. The Department take steps to ensure that probation officers schedule first in-person contacts with offenders within the one-month timeframe specified in Department policy.

    OAG comment: Significant Progress - The Department advised that the realignment of workloads, added resource support together with the establishment of the central internal review unit will assist in the full implementation of this recommendation.

Work in progress (cont'd)

We recommended that:

13. The Department develop risk-based guidelines to help probation officers decide when court-ordered conditions require active monitoring, when self-reported compliance requires collateral or other verification, and the level of file documentation required for monitoring activities.

    > **OAG comment:** <u>*Significant Progress*</u> *- The Department advised that it has taken steps to improve guidance to probation officers and support staff, particularly for "zero tolerance conditions." Further work is required in developing guidance on other conditions where professional discretion applies.*

15. The Department:
    a. ensure staff properly apply its policy on offender non-compliance.
    b. improve the quality of documentation supporting decisions not to charge offenders who breach their conditions.

    > **OAG comment:** <u>*Significant Progress*</u> *- The Department advised that it has made improvements to its compliance management guidelines. The establishment of the central internal review unit will assist in the full implementation of this recommendation.*

16. The Department make its custody release planning more meaningful and helpful for offenders transitioning to community living.

17. The Department prioritize the development of case management plans by offenders' risk levels, regularly monitor the timeliness and quality of the plans, and develop strategies to improve them.

    > **OAG comment:** <u>*Significant Progress*</u> *- The Department advised that a new format and methodology for developing and documenting case plans and progress on the plans was developed. Training has rolled out and full implementation is planned for the fall of 2015. Monitoring of timelines and the quality of plans will form part of the work of the central internal review unit.*

18. The Department review the quality of case management progress notes after implementing its planned system changes and correct any remaining deficiencies.

19. The Department regularly monitor whether the training and security-check requirements for probation officers are being met and properly documented, and remedy any gaps.

21. The Department:
    a. clarify the quality assurance roles of coach trainers and area directors.
    b. ensure that the quality assurance activities are conducted on an on-going basis throughout the year, results reviewed, plans for improvement developed, and progress against plans regularly monitored.
    c. ensure that templates used for quality assurance processes cover all key standards.

22. The Department better assess the reasonableness of probation caseloads by:
    a. developing active and non-active file flags.
    b. examining the feasibility of assigning workloads indexes to offender files.
    c. tracking the time each probation officer spends monthly preparing pre-sentence reports, travelling, and delivering group programming.

Work in progress (cont'd)

We recommended that:

24. The Department better align programming and offenders' needs by:
  a. completing the series of workbooks addressing criminogenic needs.
  b. regularly extracting and analyzing relevant data from its databases to more fully identify and understand offenders' profiles and needs.
  c. working with Aboriginal stakeholders to ensure that all programs and materials are culturally appropriate and recognize the unique needs of Aboriginal offenders.

  > *OAG comment: <u>Significant Progress</u> - The Department advised that it completed the series of seven workbooks. The Department also created a new Centralized First Nations Unit to provide a more focused and culturally responsive approach to working with First Nations. A new Culturally Appropriate Program has also been developed. Probation and custody staff will be delivering the program in 2016.*

25. The Department:
  a. centrally direct its rehabilitation programming.
  b. determine the core programming to be consistently offered in all correctional centres, all community supervision offices, and all centres and offices.
  c. ensure that all community supervision offices have up-to-date directories of the external agency programming available in the local community for offenders.
  d. compare the programming available internally and externally to offenders' needs to identify programming gaps and develop plans for improvement.

  > *OAG comment: <u>Significant Progress</u> - The Department advised that enhanced central oversight of programming was incorporated as part of divisional restructuring. A centralized program unit was established in May 2015 and is responsible for the delivery of core programming for both custody and community, allowing for transition and consistency of offenders who move between the two areas. The unit is currently consulting with each region to determine program needs and finalize program material.*

26. The Department improve coordination of inter-agency case management activities by working with:
  a. the Addictions Foundation of Manitoba and other addictions organizations to ensure offenders' needs are being met.
  b. the Addictions Foundation of Manitoba, Employment and Income Assistance, and Regional Health Authority staff to develop more integrated case management planning for very-high-risk offenders and information-sharing protocols for common clients.

27. The Department:
  a. track and monitor the number of times each program is offered, the number of offenders waiting for programs to be offered, enrolments, completions, and participant outcomes.
  b. track and monitor use of Department workbooks and agency referrals.
  c. ensure that program evaluation recommendations are dealt with promptly.

29. The Department expand its public performance reporting to include information on overcrowding levels and impacts, and rehabilitation programs offered and their outcomes.

Considered cleared

This follow-up report – *status as at June 30, 2015*

Implemented/resolved

We recommended that:

3.   The Department develop clear guidelines and a reasonable timeframe for deciding when temporary alterations to accommodate more beds are permanent enough to increase a centre's rated capacity.

5.   The Department work with the Manitoba Bureau of Statistics to see if cost-effective improvements can be made to the methodology and assumptions used to forecast offender populations, and update its forecasts for any significant changes.

6.   The Department:

   a.   prepare a range of adult custody population forecasts using best-case, worst-cast, and most-likely-case scenarios.
   b.   forecast separately all significant adult sub-populations with differing accommodation needs.

8.   The Province publicly release the full report prepared by the Adult Corrections Capacity Review Committee to allow legislators and the public to better understand the recommendations and monitor their implementation.

9.   The Department publicly call for proposals and develop selection criteria to evaluate and select all future adult correctional centre sites.

12.   The Department resolve the workload problems preventing probation officers from scheduling meeting with offenders as often as Department policy requires for the offender's risk profiles.

14.   The Department:

   a.   ensure probation officers arrange automated curfew monitoring promptly.
   b.   develop curfew-monitoring alternatives to deal with the increased use of cell phones and gradual elimination of landline phones.

   OAG comment: Action is no longer required on recommendation 14(a) because automatic curfew calling has been discontinued.

20.   The Department remind staff of their responsibilities for declaring and managing actual and potential conflicts of interest as files are being assigned, and require all declared conflicts and their resolution to be documented.

23.   The Department investigate the costs and benefits of using more probation officer assistants.

28.   The Department measure:

   a.   longer-term (3 to 5 years) recidivism rates and compare them to 2-year rates to see if they are significantly different.
   b.   separate recidivism rates for low, medium, high, and very high risk offenders to assess the on-going validity of its risk scoring process.
   c.   recidivism rates for offenders completing significant rehabilitation programs.
   d.   an overall provincial recidivism rate.

   OAG comment: The Department does not intend to implement recommendation 28(a) and (d) because it is satisfied with the current method of calculating recidivism.

Manitoba's Framework for an Ethical Environment

Our recommendations were originally directed to the Civil Service Commission, the Department of Finance and the Department of Infrastructure and Transportation – Procurement Services Branch. Due to a government reorganization, the recommendation directed to the Department of Infrastructure and Transportation - Procurement Services Branch is now directed to the Department of Finance.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – March 2014 (Chapter 7)	September 8, 2014

What our original report examined

A well-constructed values and ethics program or framework is a key element in ensuring a strong ethical environment within the public service. We focused on the framework put in place by Manitoba's Civil Service Commission (CSC) and examined:

1. Whether policies and guidelines, with specified standards and procedures, are in place to foster an ethical environment within the public service.

2. Whether the policies and guidelines are clearly communicated to all civil servants, with ongoing education and training.

3. Whether the policies are being monitored to ensure implementation across all government departments.

4. Whether systems are in place to identify, mitigate and report any incidents of an ethical/fraudulent nature which may arise.

5. Whether the policies and guidelines are reviewed and updated periodically.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations as at June 30, 2015

As shown in the table below, 6 of our 20 recommendations have been implemented as at June 30, 2015.

The nature of the public service demands that civil servants consistently maintain the highest possible standards of ethical behaviour. A strong ethical framework in government ensures that the corporate culture of the civil service fosters ethical behaviour in all employees, recognizes and avoids potential conflicts of interests, and that the risks of loss due to fraud are mitigated. Strong ethical frameworks contribute to the public maintaining confidence and trust in the

institutions of government, and being assured there is good value and probity in the expenditure of taxpayer dollars.

We believe a proactive approach is required to instill a strong ethics program throughout the civil service. This is a critical function that deserves focused attention by the CSC, and by senior leadership in departments.

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**6**	**-**	**-**	**14**	**20**

Below we list the recommendations that remain in progress and the recommendations considered cleared. For certain recommendations we have added an "OAG comment" to clarify implementation status, to highlight select actions or planned actions, or to identify opportunities to further enhance Department actions.

Work in progress

Directed to the Civil Service Commission

We recommended that:

1. The CSC develop a policy on values and ethics, or a code of conduct, which includes expectations of:
   a. all civil servants.
   b. senior management in overseeing implementation and compliance with the policy.

7. The CSC develop and implement follow-up procedures to ensure that all new employees complete the online corporate orientation program as required.

9. The CSC, in conjunction with departments, develop and implement a strategy for providing ethics-related training to all employees. The strategy should require that ethics-related training be provided to employees on an ongoing and periodic basis, and that training be provided to management in how to handle any ethical issues or violations brought forward by employees.

10. The CSC include fraud awareness training in its strategy for providing ethics-related training to all employees.

11. The CSC require periodic reports from departments on their implementation of ethics-related policies, including the Values and Ethics Guide. Upon receipt of the reports, we recommend that the CSC proactively provide support to those departments with less-developed implementation processes.

12. The CSC amend the Conflict of Interest Policy to require that all employees update their conflict of interest declaration forms on a periodic basis, preferably annually.

    > *OAG comment: CSC has updated their conflict of interest policies and developed guidance and procedures for managers to follow. Only Deputy Ministers and Assistant Deputy Ministers continue to be required to submit annual declarations. At a minimum, we recommend that all employees in decision-making positions or roles that could be considered at elevated risk for conflict of interest be required to submit declarations on a periodic basis, preferably annually.*

Work in progress (cont'd)

We recommended that:

14. In addition to the disclosure procedures under *The Public Interest Disclosure (Whistleblower Protection) Act*, the CSC develop and implement a process to enable employees to report concerns of ethical misconduct, including anonymous disclosures.

    OAG comment: *CSC has not taken any action on this recommendation and did not have any significant actions planned. There is currently no defined avenue or process for employees to anonymously report concerns of fraud or ethical misconduct. The Public Interest Disclosure (Whistleblower's Protection) Act is limited to only dealing with serious and significant issues as defined by the Act. Our survey results found that only about half of employees that are aware of fraudulent activity/ethical misconduct reported it, and of those 29% felt they experienced some form of retaliation as a result. Leading practices for ethics programs emphasize that allowing anonymity in reporting is a key aspect to an effective ethics program. Some organizations choose to implement a reporting hotline or have an Ethics Officer who can provide advice and guidance to employees.*

15. The CSC and departments track and report all disclosures of ethics-related matters that do not fall under the scope of *The Public Interest Disclosure (Whistleblower Protection) Act*, and are investigated through other means.

16. The CSC and departments track investigations by type.

20. The CSC assess the effectiveness of their ethics-related policies and procedures by following up on the key indicators measuring ethical climate and workplace culture, which could be incorporated into their employee engagement survey, currently conducted every three years.

Directed to the Department of Finance

We recommended that:

13. The Department of Finance require that departments conduct internal fraud exposure evaluations and use the results to assess the sufficiency of existing controls and management oversight to prevent fraud.

17. The Department of Finance include in its Departmental Annual Report Instructions the requirement to provide information and consequences regarding not only disclosures under *The Public Interest Disclosure (Whistleblower Protection) Act*, but all investigations conducted in the department over the year, including department-related investigations conducted by the Manitoba Ombudsman's Office.

19. The Department of Finance update the Fraud Prevention and Reporting Policy on a periodic basis.

Directed to the Procurement Services Branch

We recommended that:

5. The Procurement Services Branch of Manitoba Infrastructure and Transportation develop and implement the "Ethics in Procurement" chapter of the Procurement Administration Manual.

Considered cleared

This follow-up report – *status as at June 30, 2015*

Implemented/resolved

Directed to the Civil Service Commission

We recommended that:

2. The CSC strengthen the Conflict of Interest Policy by including:

   a. specific expectations of civil servants for a broad array of conflict situations and for the submission of conflict of interest declarations.

   b. the responsibilities of senior management in overseeing implementation and compliance with the policy.

6. The CSC develop and implement procedures to better insure employees submit conflict of interest declaration forms as required.

8. The CSC and departments utilize more communication methods to ensure employees throughout the civil service are aware of and understand the ethical requirements.

   > *OAG comment: While CSC has enhanced its communication of the updated policies to employees, communication efforts will need to be sustained to reflect their commitment to an effective ethics program on an ongoing basis.*

18. The CSC update all its ethics-related policies on a periodic basis.

    > *OAG comment: CSC has prepared a review schedule for updating policies. It will require ongoing commitment by CSC to ensure this is fulfilled in the future.*

Directed to the Department of Finance

We recommended that:

3. The Department of Finance conduct a comprehensive review of the Fraud Prevention and Reporting Policy and update the policy as needed.

4. The Department of Finance develop and implement a communication plan to better educate civil servants on the purpose of the Fraud Prevention and Reporting Policy and their related obligations.

   > *OAG comment: The Department of Finance has held several fraud awareness sessions with senior managers in departments and agencies. We suggest that fraud awareness training also be provided periodically to employees within workplaces perceived to be at high risk for fraudulent activity. This fraud training should be tailored to the unique aspects of each department so that it is relevant to specific employee roles and responsibilities.*

Website Version

Manitoba Hydro – Managing Cyber Security Risk Related to Industrial Control Systems

Our recommendations are directed to Manitoba Hydro.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – March 2014 (Chapter 8)	February 25, 2015 (Passed)

What our original report examined

Our objective was to determine whether Manitoba Hydro's risk management practices ensure the design of security controls over Industrial Control Systems (ICS) and related Information Technology (IT) reasonably mitigate identified cyber risks.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations as at June 30, 2015

As shown in the table below, 4 of our 8 recommendations have been implemented as at June 30, 2015.

We note that significant progress has been made on all 4 recommendations that remain in progress.

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**4**	**-**	**-**	**4**	**8**

On the following page we list the recommendations that remain in progress and the recommendations considered cleared. For certain recommendations we have added an "OAG comment" to clarify implementation status and to highlight select actions or planned actions.

Work in progress

We recommended that:

1. Manitoba Hydro identify, assess and mitigate all Industrial Control Systems (ICS) cyber security risks and that this be performed on a priority basis for assets critical to operations.

   OAG comment: Significant Progress - Manitoba Hydro has created a High Priority Asset listing of locations that they deem critical to operations. They have also engaged an independent ICS cybersecurity firm to assist them in developing a Risk Management Framework for ICS. As well, a formal strategy for improving ICS cyber security has been developed and approved.

4. Manitoba Hydro develop and implement ICS cyber security policy instruments and make them applicable to all ICS systems.

6. Manitoba Hydro develop and implement physical security policy instruments to control physical access to ICS systems.

   OAG comments for #4 and #6: Significant Progress - A Security Policy project reporting to the Technology Security Advisory Committee (a newly created subcommittee as outlined in our comments to recommendations #3 and #5) has been initiated. The project will incorporate the policy recommendations for both physical and cyber controls, a review and restructuring of all existing IT policies, and an update of the North American Electric Reliability Corporation (NERC) policies related to Critical Infrastructure Protection (CIP) Version 5 compliance.

7. Manitoba Hydro develop and deliver a comprehensive ICS cyber security training and awareness program for all staff responsible for operation, maintenance and security of ICS systems.

   OAG comment: Significant Progress - A Security Training and Awareness project has been created. The scope is to develop or procure and deliver an ICS cyber security awareness program for staff responsible for the operation, maintenance and security of ICS systems. Manitoba Hydro has stated that their intention is to also include IT security, Physical security and NERC training modules to ensure coordination of effort and consistent delivery to employees.

Considered cleared

This follow-up report – *status as at June 30, 2015*

Implemented/resolved

We recommended that:

2. Once ICS cyber security risks have been assessed, Manitoba Hydro include cyber security as a corporate risk profile in the annual risk management report that is presented to the Board.

    > *OAG comment: The November 2014 Corporate Risk Management Report included cyber security as a new and separate corporate risk profile. As new ICS cyber security risks are identified through the implementation of Recommendation 1, we encourage Manitoba Hydro to ensure a comprehensive discussion of these risks is included in the annual corporate risk management report to the board.*

3. Manitoba Hydro assign responsibility for corporate-wide cyber security to one executive.

5. Manitoba Hydro assign responsibility for corporate-wide physical security to one executive.

    > *OAG comments for #3 and #5: The Vice President Human Resources and Corporate Services assumed responsibility for both corporate wide cyber and physical security effective April 1, 2014. Given both cyber and physical security spans several business units across the organization, an Enterprise Security Council comprising five Vice Presidents and chaired by the Vice President Human Resources and Corporate Services was formed. In addition, two key subcommittees (Physical and Technology Security) have been formed. Terms of References for each of the noted committees have been approved.*

8. Manitoba Hydro develop a strategy to converge Information Technology (IT) and Operational Technology (OT) management, including IT security.

    > *OAG comment: Manitoba Hydro has developed a strategy regarding IT and OT management that contains several initiatives and projects related to operational efficiencies, ICS cyber security best practices and NERC CIP Version 5 compliance. The strategy document has been endorsed by the Technology Security Advisory Committee and approved by the Enterprise Security Council.*

Northern Airports and Marine Operations

Our recommendations are directed to the Department of Infrastructure and the Department of Finance. Due to a government reorganization, the recommendations directed to the Department of Infrastructure and Transportation are now directed to the Department of Infrastructure.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – March 2014 (Chapter 9)	June 26, 2014 (Passed)

What our original report examined

On August 29, 2012, the Minister of Finance requested that the Office of the Auditor General conduct a forensic review of the procurement card purchasing activity of staff in the Northern Airports office, under Section 16 of *The Auditor General Act*. This request was made after inappropriate procurement card purchasing activity was found by the Director of Northern Airports and Marine Operations in the Department of Infrastructure and Transportation.

The objectives of our audit were to determine the extent of funds reimbursable to the government by 2 staff of the Northern Airports office and to determine why these inappropriate transactions occurred without detection.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations as at June 30, 2015

As shown in the table below, all 3 of our recommendations have been implemented as at June 30, 2015.

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**3**	-	-	-	**3**

On the following page we list our recommendations considered cleared.

Considered cleared

This follow-up report – *status as at June 30, 2015*

Implemented/resolved

We recommended that:

1. The Minister of Finance forward our detailed audit findings to Civil Legal Services.

2. The Department of Infrastructure and Transportation, in consultation with the Provincial Comptroller, review and revise the purchasing card guidelines. This should include credit card limits and direction for card coordinators who should document their review and follow-up of unusual transactions.

3. The Provincial Comptroller require all Departments to regularly review purchasing card activity using the online system. Unusual transactions or trends should be followed-up on a timely basis.

Waiving of Competitive Bids

Follow-up report previously released on December 1, 2015

Our audit report on the Waiving of Competitive Bids was issued in March 2014. Our follow-up review of the implementation status of the 25 recommendations included in the report began in July 2015 when we requested a report from management on progress as at June 30, 2015. Our plan was to include this follow-up as part of our annual follow-up report scheduled for release in early 2016. However, at the October 5, 2015 Public Accounts Committee meeting, the Committee recommended through a resolution that I release to the Legislature, by November 13, 2015, our follow-up report on the recommendations included in our 2014 Waiving of Competitive Bids audit report. We worked diligently to accommodate this recommendation. The report was tabled in the Legislature on December 1, 2015 and was discussed at the Public Accounts Committee meeting on December 14, 2015. It has been reproduced in this Follow-up report (with various formatting amendments) in order to include in one volume all follow up reviews of recommendations that come from our March 2014 Report to the Legislature.

Because of the heightened interest of the Committee in obtaining up-to-date progress information on the implementation of the recommendations included in our 2014 Waiving of Competitive Bids audit report, we extended the "as at" date to October 30, 2015.

Subsequent event - After the release of this follow up chapter on December 1, 2015 we received information from the Department of Finance on the following significant event that occurred shortly after our October 30 cut-off date. On November 30, 2015 the *Contract Disclosure Regulation* was registered. Section 6 of the Regulation states that "a contract for which the total expenditures from the Consolidated Fund will be less than $10,000;" is exempt from the reporting requirement in Section 80 of the *Financial Administration Act*. As a result, contracts issued subsequent to November 30, 2015 with total values between $1,000 and $9,999 will not be disclosed on the Procurement Services Branch website or on the public access database.

Our recommendations were directed to the Province, Treasury Board Secretariat, Department of Finance-Provincial Comptroller, Department of Infrastructure and Transportation-Procurement Services Branch (PSB), and the Vehicle and Equipment Management Agency (VEMA). As a result of a government reorganization in June 2015, the Procurement Services Branch and the Vehicle and Equipment Management Agency are now part of the Department of Finance.

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report – March 2014 (Chapter 10)	October 5, 2015 December 14, 2015
First follow-up – November 2015	December 14, 2015

What our original report examined

Our objectives were to determine whether departments and special operating agencies (SOAs):

- Ensured fair access to government contracts by waiving competitive bids only when "acceptable circumstances" identified in the government's Procurement Administration Manual (PAM) were demonstrated.

- Assessed quoted prices on untendered contracts for consistency with fair market value.

- Publicly disclosed untendered contracts over $1,000.

We examined untendered contracts in 5 departments and 3 SOAs.

This follow-up report should be reviewed in conjunction with our original report to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Status of recommendations as at October 30, 2015

As shown in the table below, 8 of our 25 recommendations have been implemented as at October 30, 2015.

Of the 17 recommendations that remain in progress, we note that significant progress has been made on 8 (recommendations 3, 4, 6, 8, 13, 15, 18 and 23).

| Status date | Recommendations considered cleared | | | Work in progress | Total |
See Review comments on page 11	Implemented/ Resolved	Action no longer required	Do not intend to implement		
October 30, 2015	**8**	**-**	**-**	**17**	**25**

On the following pages we list the recommendations that remain in progress and the recommendations considered cleared. For certain recommendations we have added an "OAG comment" to clarify implementation status, to highlight select actions or planned actions, or to identify opportunities to further enhance Department actions.

Work in progress

Directed to the Procurement Services Branch

We recommended that:

1. The Procurement Services Branch (PSB) assess whether procurement practices that departments and Special Operating Agencies (SOAs) use instead of obtaining competitive bids are reasonable.

   - If the PSB finds the practices are reasonable, we recommend it amend the Procurement Administration Manual (PAM) as needed.
   - If the PSB finds that the practices are not reasonable, we recommend that it work with the department to develop acceptable procurement practices for the situation in question.

     OAG comment: PSB is in the process of identifying departmental practices. We note that the alternative procurement practices identified in our audit are included in this review.

3. The PSB amend the PAM to require that departments make public their intent to award a contract over a set amount.

     OAG comment: Significant Progress - PSB has performed a jurisdictional review and is developing a process to provide public notice of the government's intent to directly award a sole source contract over a set amount. A pilot of this process is scheduled to take place by December 21, 2015.

6. The PSB update the PAM to require that departments and SOAs analyze and document how the price quoted on an untendered contract represents fair market value. The analysis should be conducted prior to contract signing.

     OAG comment: Significant Progress - PSB has developed a draft document entitled "Fair Market Value-Methodologies and Tools. This document outlines a process for determining fair and reasonable price (fair market value) when procuring goods and services without a competitive process.

8. The PSB amend the PAM to require that contracts be kept in the public access database for as long as they are active.

     OAG comment: Significant Progress - All untendered contracts over $1,000 included in the public access database are now (beginning October 2015) also posted on the PSB website in a pdf document. In addition, as of September 28, 2015, all contracts greater than $10,000 are posted on the government's website under "Proactive Disclosure" (see recommendation 11). PSB indicates that the contracts disclosed on these two sites will be posted indefinitely. We note that the PAM has not yet been amended to reflect these changes.

     In addition to the information provided, we suggest that the information databases include service contract start and end dates. We also suggest that contracts be removed from the data base an appropriate number of years (for example 7 to 10 years) after expiry of the contract.

Work in progress (cont'd)

Directed to the Procurement Services Branch (cont'd)

We recommended that:

12. The PSB ensure its public internet access to untendered information has a comprehensive search engine. We also recommend that, in the interim, the PSB improve the search and reporting capabilities of the existing public access database so users can:

    - search by data range and by all fields in the database.
    - extract large quantities of data.
    - display all outstanding contracts for a department at a specific time.

        OAG comment: The new on line system for disclosing contracts greater than $10,000 (see recommendation 11) organizes contracts by department and by month. For each selected month the contract information can be sorted by date, vendor, purpose, value or purchase category. The system, however, does not allow a user to query by vendor or date. To find a specific vendor, the user must know which department issued the contract they are looking for and in which month the contract was issued. To find all contracts issued to a specific vendor government wide, a user needs to go to each department's page and then to each month. In our view, because of these limitations the new system does not have a "comprehensive search engine".

        We appreciate that building sophisticated search capabilities may have significant cost implications. Accepting that costs should be minimized, we encourage the PSB to explore how best to provide users with the ability to extract vendor focused contract information.

        The pdf document posted to the PSB website which lists untendered contracts greater than $1,000 can be searched by vendor using the pdf utility and can be downloaded to a spreadsheet for sorting by vendor.

14. The PSB improve guidance on the documentation for untendered procurement transactions in the PAM by clearly specifying which documents are mandatory and requiring reasons for waiving discretionary documents.

15. The PSB implement a risk based process to monitor department and SOA compliance with policies on the waiving of competitive bids (including the policy on public disclosure). We also recommend that the PSB report compliance issues to the department's deputy minister.

        OAG comment: Significant Progress - PSB is in the process of finalizing its compliance review and reporting protocols for untendered contracts.

18. The PSB develop and implement a communication strategy to ensure that department and SOA officials know and understand the PAM requirements.

        OAG comment: Significant Progress - PSB has taken steps to improve communication of PAM requirements. PSB is finalizing communication tools on procurement policies and practices (for example, Governing Principles of Procurement document and a presentation on procurement excellence) and advises that it will be scheduling delivery of this communication.

23. The PSB develop and implement a plan to promptly complete the PAM.

        OAG comment: Significant Progress - PSB has added a new section on Ethical Procurement and has amended various other sections. PSB notes that it is finalizing a Governing Principles of Procurement document and that this is the first step in a more comprehensive update of the PAM. Once the governing principles are approved, PSB advised that a detailed plan for updating the PAM will be prepared.

Work in progress (cont'd)

Directed to the Treasury Board Secretariat and the Province

We recommended that:

 4. Treasury Board Secretariat:

 - develop guidelines for delegating purchasing authorities for untendered contracts and related extensions during emergency events (in particular the purchasing authorities for Treasury Board, ministers and deputy ministers).

 - require comprehensive reporting after an emergency event on how the delegated authority was used.

    OAG comment: <u>Significant Progress</u> - Treasury Board Secretariat has completed a jurisdictional review of delegated authorities for untendered contracts during emergency events.

 9. Treasury Board Secretariat amend the General Manual of Administration's (GMA's) definition of contract to match the PAM definition.

13. The Province periodically review whether the threshold for the reporting of untendered contracts is consistent with its disclosure objectives and adjust it if necessary.

    OAG comment: <u>Significant Progress</u> - The Budget Implementation and Tax Statutes Amendment Act, 2015(BITSA) has been proposed as a Bill. As of October 30, 2015, the Bill passed its first reading in the Legislative Assembly. Statutory amendments through BITSA 2015, will allow for the periodic adjustment of the threshold for the reporting of untendered contracts. Officials advise that they intend to subsequently increase the threshold to $10,000. Once the regulation specifying the contract disclosure requirements is approved we will consider this recommendation implemented.

17. Treasury Board Secretariat develop an administrative policy development framework.

22. Treasury Board Secretariat develop a list of organizations that need to comply with the PAM.

Directed to Departments and SOAs

16. Department executive financial officers randomly review higher-risk procurement transactions to ensure internal controls function properly.

20. Departments enforce the requirement to use a purchase order in SAP for all purchases of goods over $2,500 and services over $5,000. We also recommend that the reasons for not tendering a contract be properly documented in the Business Case tab of the purchase order.

    OAG comment: PSB now requires purchase orders for all contracts greater than $1,000 (with a few exceptions) to be entered into SAP and is currently monitoring the use of the Business Case Tab. At the time of our audit, use of SAP purchase orders was required for all purchases of goods over $2,500 and services over $5,000 yet significant purchases were still being made without purchase orders. In our view, to increase compliance, Executive Financial Officers will need to actively enforce purchase order use.

25. Departments with SOAs review and update the operating charters yearly.

    OAG comment: Currently, the amendment of an SOA's Operating Charter requires approval by Order in Council. Included in BITSA is a provision that will allow the Minister of Finance to approve any changes to an SOA operating charter. This provision will simplify the amendment process. We note that current operating charters in use by some SOAs continue to contain references to General Manual of Administration sections that are out of date.

Considered cleared

This follow-up report – *status as at October 30, 2015*

Implemented/resolved

Directed to the Procurement Services Branch

We recommended that:

2. The PSB amend the PAM to require that departments and SOAs:
   - consult with the PSB prior to directly awarding a service contract over a set amount.
   - include the PSB advisory notes in the procurement record and in any required Treasury Board submission.

     OAG comment: Alternate solution implemented - In 2014, TBS began requiring that a Financial Overview Form be completed and signed by departmental Executive Financial Officers and that it accompany all Treasury Board submissions. This form contains a section on competitive procurement which must be completed when goods and services requiring TB approval are not competitively tendered. The section requires the documentation of consultations with PSB, including any related outcomes.

7. The PSB amend the PAM to include the *Financial Administration Act* (FAA) disclosure requirement for contracts with uncertain values.

   OAG comment: Alternate solution implemented - PSB now requires that purchase orders for contracts greater than $1,000 (with a few exceptions) be entered into SAP. Doing this necessitates inputting a contract amount. SAP is used to generate the Proactive Disclosure Report on all contracts greater than $10,000 and as such all contracts will contain a value.

   SAP is not being used to generate untendered contract reporting between $1,000 and $9,999.99. This information continues to be manually generated by departments but PSB now monitors these reports against information in SAP. As part of this review, PSB ensures that all contracts posted to the Legislative Building Information System contain a value. This manual process is required until the BITSA becomes law and the Financial Administration Act is amended to reflect the planned $10,000 threshold.

10. The PSB amend the PAM to add disclosure requirements of untendered contracts in foreign currencies.

11. The PSB make public access to untendered contract information available on the internet.

    OAG comment: As at September 2015, disclosure information on contracts greater than $10,000 (included untendered contracts) is available on the government's website under "Proactive Disclosure". Beginning in October 2015, untendered contract information for contracts greater than $1,000 is included on in a pdf document on PSB's website under "What we buy". We believe that a direct link on the Proactive Disclosure website to the pdf documents on the PSB website would be more user friendly.

Website Version

Considered cleared (cont'd)

Directed to the Department of Finance

We recommended that:

19. The Department of Finance, consulting with PSB, use SAP to generate the untendered contract information for public disclosure. In the interim, we recommend that department finance staff directly enter their information in the public access database and ensure the information is complete and accurate.

> *OAG comment: See our comment related to recommendation 7.*

21. The Department of Finance amend the purchase category fields in SAP to include the acceptable circumstances for waiving competitive bids, from the PAM.

> *OAG comment: The purchase category fields in SAP have been changed to reflect the changes to Chapter 9 of the PAM (SAP Procurement). As of the follow-up date, Chapter 13 (Contract Planning) of the PAM on Waiving of Competitive Bids has not been amended to ensure consistency between the "acceptable circumstances" for waiving competitive bids and the purchase category fields reflected in Chapter 9. As such, there is still a disconnect between SAP categories for purchases and Chapter 13 of the PAM.*

24. The Provincial Comptroller amend the control self-assessment questionnaire on procurement processes (part of the Comptrollership Framework document) to include the PAM requirements for waiving of competitive bids, including SAP requirements discussed in Recommendation 20.

Directed to Departments and SOAs

We recommended that:

5. VEMA amend its policies to require the documentation of proper contract approvals (before payment).

Accounts and Financial Statements

Accounts and Financial Statements

Summary of reports and PAC discussion dates	
Reports issued	**Discussed at PAC** (in meetings up to December 14, 2015)
Original report - March 2014 (Chapter 1) *(relates to our audit of the Public Accounts and other financial statements for the year ended March 31, 2013)*	September 3, 2014 January 28, 2015 November 4, 2015 (Passed)
Original report – January 2013 (Chapter 1) *(relates to our audit of the Public Accounts and other financial statements for the year ended March 31, 2012)*	May 8, 2013 September 3, 2014 January 28, 2015 (Passed)
Original report – January 2012 (Chapter 1) *(relates to our audit of the Public Accounts and other financial statements for the year ended March 31, 2011)*	February 25, 2013 (Passed)
Original report – December 2010 *(relates to our audit of the Public Accounts and other financial statements for the year ended March 31, 2010)*	May 25, 2011 February 15, 2012 (Passed)

The Auditor General Act (the Act) requires that the Auditor General report to the Assembly by December 31st each year on the examinations and audits conducted under Section 9 of the Act. This section of the Act relates to audits of the Public Accounts and other financial statements included in the Province of Manitoba's Public Accounts. Section 10(2) of the Act requires that the Auditor General report anything resulting from this work that the Auditor General considers should be brought to the Assembly's attention.

In this follow-up report we note the status of all recommendations issued as a result of our audits of the Public Accounts and other financial statements included in the Government Reporting Entity (GRE) for the years ended March 31, 2010, 2011, 2012 and 2013. No new recommendations were issued as a result of our audit for the Public Accounts and other financial statements for the year ended March 31, 2014. Our report for the year ended March 31, 2015 will be issued in mid-2016.

The Office practice has been to follow-up on these recommendations until they are implemented or otherwise cleared. Subsequent to this follow-up report, we will follow-up on these types of recommendations in a manner consistent with our process for following up on a project audit

recommendation. As a result we will only follow-up on recommendations related to our audits of the Public Accounts and other financial statements for 3 consecutive years. Recommendations from our audits of the Public Accounts and other financial statements for the years ended March 31, 2010, 2011 and 2012 (that remain in progress) will no longer be followed up.

This follow-up report should be reviewed in conjunction with our original reports to obtain an understanding of the issues which underlie the recommendations. All of our reports are available at our website: oag.mb.ca

Recommendations directed to Finance - Status as at June 30, 2015

As shown in the table below, 12 of our 23 recommendations have been implemented as at June 30, 2015. The Department does not intend to implement recommendations 1 and 4 from our *March 2014 Annual Report to the Legislature* (Chapter 1) (see comments below).

Status date	Recommendations considered cleared			Work in progress	Total
See Review comments on page 11	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**12**	**-**	**2**	**9**	**23**

The Department indicated that it does not intend to implement recommendation 1 from our *March 2014 Annual Report to the Legislature* (Chapter 1) report. They noted that it is not readily possible to identify all the secondment agreements where the employee is paid by another entity and collect or gain access to the related pay records from those other entities. Thus they believe the cost of implementing this recommendation would outweigh the benefits.

The Department has also indicated that it does not intend to implement recommendation 4 from our *March 2014 Annual Report to the Legislature* (Chapter 1) report. The Department indicated that Manitoba reports on a summary basis which includes core government departments as well as other reporting entities which make up the GRE. Government agrees that the reports provide useful financial information for the province's stakeholders and will continue to take time to ensure quarterly reports contain complete and accurate information. Dates for the release of the quarterly reports must consider a balance between timely information versus more accurate information. Quarterly reports should not be released at the expense of their reliability.

On the following page we list the recommendations that remain in progress and the recommendations considered cleared. For certain recommendations we have added an "OAG comment" to clarify implementation status and to highlight select actions or planned actions.

Work in progress

March 2014 Report to the Legislature (Chapter 1)

We recommended that:

2. The Province increase the threshold for the *Statement of Payments in Excess of $5,000* to reflect the Province's objectives of the disclosure. We also recommend that the Province set up a mechanism to regularly adjust the threshold.

   > ***OAG comment***: *The Province noted that an administrative policy setting the threshold is under consideration and review.*

3. The Province provide disclosure of vendor payments by all entities in the government reporting entity.

   > ***OAG comment***: *The Province has not yet determined whether it will implement this recommendation.*

5. Finance, Manitoba Infrastructure and Transportation (MIT) and the Manitoba Floodway and Eastside Road Authority (MFESRA) improve their communication with each other to ensure information is promptly reported and reviewed by all parties to prevent errors.

   > ***OAG comment***: *Manitoba Infrastructure and Transportation has defined standardized reporting requirements and deadlines. These requirements have been discussed and agreed upon between MIT and MFESRA. Reporting and reconciliation requirements were not implemented until December 2015.*

6. The Province specify in a policy or regulation the type of expenses to include in the *Report of Amounts Paid or Payable to Members of the Legislative Assembly* for expenses that the *Members' Allowance Regulation* does not cover.

   > ***OAG comment***: *The Province revised its "Basis of Accounting" note in the Report of Amounts Paid or Payable to Members of the Assembly. The Province will review whether a policy or regulation is required beyond the legislation and policy currently in effect.*

January 2013 Report to the Legislature (Chapter 1) – *No additional follow-up scheduled*

We recommended that:

1. The government complete a review of the financial statement and other audits our office currently completes to ascertain an audit mix that maximizes the benefit to the Legislature.

   > ***OAG comment***: *The Province has not taken any actions on implementing this recommendation. As noted in our operations report for 2015, we have begun the process of identifying which financial statement audits we should conduct because of their strategic importance to the Legislative Assembly.*

January 2012 Report to the Legislature (Chapter 1) – *No additional follow-up scheduled*

We recommended that:

2. The Department of Finance revise the information included in Volume 3 to provide relevant information to users that is consistent with the Summary Financial Statements.

   > ***OAG comment***: *Commencing for the year ended March 31, 2012, the Department of Finance has included in Volume 3 a reconciliation of the Summary Financial Statements to the core government financial position. However, we noted that supporting detail has not yet been revised and continues to only relate to the core government.*

Work in progress (cont'd)

We recommended that:

4. The Province revalue its environmental liabilities each year to reflect known changes in the liability including the impact of the passage of time, interest rates and an appropriate margin of error.

    OAG comment: During the March 31, 2015 audit of the Summary Financial Statements of the Province of Manitoba, we noted some progress has been made to revalue the environmental liabilities balance by including inflation adjustments. However, further work is required by the Province to ensure the interest rates and margins of error are reasonable.

December 2010 Report to the Legislature – *No additional follow-up scheduled*

We recommended that:

4. The Department of Finance review public quarterly reporting requirements for organizations in the GRE and prepare a plan to resolve any inconsistencies.

    OAG comment: The Comptroller's Division of the Department of Finance has prepared a legislative proposal which is under review by the Minister of Finance.

5. The Department of Finance review the requirement for the release of 4th quarter reports under *The Crown Corporations Public Review and Accountability Act* to determine if it is still appropriate.

    OAG comment: The Comptroller's Division of the Department of Finance has prepared a legislative proposal which is under review by the Minister of Finance.

On the following page we list the recommendations that are considered cleared.

Considered cleared

March 2014 Report to the Legislature (Chapter 1)

Do not intend to implement

We recommended that:

1. The Department of Finance account for seconded employees consistently – regardless of the cost recovery process.

4. The Province set fixed dates to release its quarterly reports.

January 2013 Report to the Legislature (Chapter 1)

Implemented/resolved

We recommended that:

2. The Department of Finance consider the most current tax sharing statements information when determining or evaluating the reasonableness of their estimate for personal income tax revenue before finalizing the Summary Financial Statements.

4. The Comptroller Division (Department of Finance), Department of Health, MHSIP and the RHAs determine the exact nature of the differences between the Plan's liability and the RHAs receivable to enable appropriate consolidation entries to avoid misstatements in the Summary Financial Statements.

5. The Department of Finance adjust the Summary Financial Statements to appropriately record the funding for the International Polar Bear Conservancy Centre as a grant.

January 2012 Report to the Legislature (Chapter 1)

Implemented/resolved

We recommended that:

1. The Department of Finance remove Schedule 10 and all references to the core government from the audited summary financial statements.

3. The Province perform a valuation of the non-vesting sick time liability to determine whether the current accounting treatment of this item is reasonable.

7. The Province analyze their IT security policies, standards, guidelines and procedures for completeness and appropriateness.

8. The Province implement a formal Disaster Recovery Plan for SAP.

December 2010 Report to the Legislature

Implemented/resolved

We recommended that:

1. The Province implement a comprehensive IT risk assessment process.

2. The Province implement a long-range IT strategic plan.

3. The Business Transformation and Technology, in collaboration with relevant business stakeholders, implement a comprehensive IT security policy.

6. The Province determine what steps are necessary for an earlier release date of the Public Accounts.

7. The Department of Finance do a cross-government review to assess the extent to which the Province currently requires supplementary audit reports and work with departments to revise the requirements to be consistent with GAAS while meeting departmental needs.

Recommendations directed to other entities - Status as at June 30, 2015

As noted below, 2 of our 7 recommendations have been implemented as at June 30, 2015.

Status date See Review comments on page 11	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2015	**2**	**-**	**-**	**5**	**7**

Below we list the recommendations that remain in progress and those considered cleared.

Work in progress

March 2014 Report to the Legislature (Chapter 1)

We recommended that:

7. The Northern Affairs Fund complete its financial statements in compliance with the Act.

    OAG comment: The financial statements for the year-end of March 31, 2012 and 2013 have been completed and audited and were included in the March 31, 2014 release of Volume 4. The Province is currently working on the March 31, 2014 and 2015 financial statements, which are anticipated to be included in the March 31, 2016 Public Accounts.

January 2012 Report to the Legislature (Chapter 1) – *No additional followed up scheduled*

We recommended that:

5a. Manitoba Health Services Insurance Plan implement a comprehensive IT risk assessment process.

5c. The University of Winnipeg implement a comprehensive IT risk assessment process.

5d. The University College of the North implement a comprehensive IT risk assessment process.

6. The Department of Health implement a formal, comprehensive IT security policy.

Considered cleared

January 2013 Report to the Legislature (Chapter 1)

Implemented/resolved

We recommended that:

3. The Department of Health, Manitoba Health Insurance Plan (MHSIP) and the Regional Health Authorities (RHAs) reconcile the wage standardization accruals to ensure that actual amounts owing are properly recorded in MHSIP's financial statements.

    OAG comment: In the 2014/15 MHSIP audit, we found that MHSIP's payables to the RHAs for retroactive wage agreements (both ratified and being negotiated) were reasonable. However, we found that the RHAs had not recorded fully the corresponding receivables from MHSIP for ratified retroactive wage agreements.

January 2012 Report to the Legislature (Chapter 1)

Implemented/resolved

We recommended that:

5b. The University of Manitoba implement a comprehensive IT risk assessment process.

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