Web Version

Chapter 7

Taxation Division, Audit Branch

Department of Finance

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Main points

What we examined

One of the responsibilities of the Taxation Division in the Department of Finance (the Department) is to make sure that taxes owing to the Manitoba Government are properly paid. The Department's Audit Branch (the Branch) conducts audits under provincial tax laws to ensure proper payment of taxes and promote voluntary taxpayer compliance. The provincial tax laws include Retail Sales Tax, Health and Post Secondary Education Tax Levy, Corporation Capital Tax, Gasoline Tax, Motive Fuel Tax, Tobacco Tax and Mining Tax.

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.

Why it matters

Tax revenue under these provincial tax laws totaled over $2.6 billion for the year ended March 31, 2011. Despite the need for voluntary taxpayer compliance, audits are also necessary to identify taxpayers who don't comply with the tax laws. Compliance with the legislation ensures that taxpayers are treated equitably and that tax revenues are available to deliver necessary public services. For the 2010/11 year, the Branch found $34 million in taxes owed.

What we found

The Branch does many of the right things. Specifically it:

- Identified more taxes (tax recoveries) than it cost to operate, generating $5 of revenue for each $1 of operating expenses
- Used targeted risk factors to select taxpayer files for audit
- Set performance targets for tax recoveries per audit hour and the number of audits to be done each year
- Used an audit process consistent with generally accepted assurance standards
- Correctly determined and adequately supported the audit findings (tax assessments) in audit files.

But the Branch can improve its operations and may find more unreported taxes by implementing our recommendation to estimate the tax revenue lost due to unreported taxable business activity in Manitoba, analyze which economic sectors are more susceptible to such activity and use this analysis in planning how to detect unreported taxable business activity.

Background

The Audit Branch lists the following responsibilities in the Department's annual report:

- Conducts audits under provincial tax laws to ensure proper payment of taxes and promote voluntary taxpayer compliance. Provincial tax laws include Retail Sales Tax, Health and Post Secondary Education Tax Levy, Corporation Capital Tax, Gasoline Tax, Motive Fuel Tax, Tobacco Tax and Mining Tax
- Conducts audits for compliance with the International Fuel Tax Agreement
- Develops policies and procedures for audits and investigations
- Trains and develops audit and investigation staff
- Develops policy options and possible amendments to provincial tax laws, analyzes the impacts of changes the government is considering and implements the changes once approved. It also provides an information service to taxpayers and the public on tax interpretations.

Previously unreported taxes owed to the Manitoba Government are referred to as "tax recoveries revenue". Historically, the majority of tax recoveries revenue comes from audits of taxpayer returns for Retail Sales Tax (RST) and Health and Post Secondary Education Tax Levy (HET).

Figure 1 shows the Audit Branch's tax revenue (recoveries) and expenses. It also shows that the total 2010/11 tax recoveries of $33.8 million compared to the $7.3 million in costs for the Branch, results in a $5 to $1 ratio of recoveries to expenses.

Figure 1: Recoveries exceeded branch costs ($ millions)

Revenue from completed audits and expenses	2006/07	2007/08	2008/09	2009/10	2010/11
Audit recoveries (gross revenue)	$ 24.3	$ 35.2	$ 30.9	$ 35.3	$ 33.4
Investigations recoveries/fines (gross revenue)	.6	.3	.7	.5	.4
Total revenue	**$ 24.9**	**$ 35.5**	**$ 31.6**	**$ 35.8**	**$ 33.8**
Salaries and employee benefits	$ 5.6	$ 6.0	$ 6.1	$ 6.5	$ 6.4
Other expenditures	1.1	1.0	1.0	1.0	.9
Total expenses	**$ 6.7**	**$ 7.0**	**$ 7.1**	**$ 7.5**	**$ 7.3**
Ratio of audit recoveries (revenue) to operating costs (expenses)*	**4:1**	**5:1**	**4:1**	**5:1**	**5:1**

Source: Department of Finance Annual Reports-Taxation Division, Audit Branch
* Calculated by the Office of the Auditor General (rounded to nearest whole number)

Figure 2 shows the breakdown of those revenues by tax law.

Figure 2: Audit branch revenue (recoveries) generated by tax law ($ millions)

Audit recoveries identified	2006/07	2007/08	2008/09	2009/10	2010/11
Retail Sales Tax	$ 20.0	$ 29.0	$ 21.6	$ 28.5	$ 27.3
Health and Post Secondary Education Tax Levy	3.9	4.8	5.2	6.3	4.2
Others	.4	1.4	4.1	1.0	2.3
Total revenue	**$ 24.3**	**$ 35.2**	**$ 30.9**	**$ 35.8**	**$ 33.8**

Source: Department of Finance-Taxation Division, Audit Branch

Figure 3 shows the Government's total revenue from those tax laws for the 2007 to 2011 fiscal years.

Figure 3: Tax revenue ($ millions)

Tax revenue	2006/07	2007/08	2008/09	2009/10	2010/11
Retail Sales Tax	$ 1,277	$ 1,391	$ 1,486	$ 1,570*	$ 1,618
Health and Post Secondary Education Tax Levy	318	341	357	264**	269**
Others	775	787	717	617	671
Totals	**$ 2,370**	**$ 2,519**	**$ 2,560**	**$ 2,451**	**$ 2,558**

Sources: Public Accounts Annual Reports (Volume 1) and Department of Finance

* Retail Sales Tax figures include the former separate tax on utilities purchased for commercial use

** Health and Post Secondary Education Tax Levy (HET) figures exclude HET paid by entities in the Government's Reporting Entity other than government business enterprises

Descriptions of Tax Statutes[1]

The Retail Sales Tax Act

This Act levies a tax on certain services and goods purchased in Manitoba, goods manufactured for own use or brought into the province for consumption. The tax rate of 7% is calculated on the retail-selling price excluding the Goods and Services Tax. Exemptions are provided for basic groceries, children's clothing and footwear up to $150 per item, prescription drugs, farm implements and manure treatment and handling equipment, books, toll free line charges, commercially operated aircraft, custom developed software and custom computer programming, geophysical survey equipment, drill rigs and well-servicing equipment used in oil and gas exploration and development and for certain other items.

1 Source: Department of Finance Annual Reports and Tax Bulletins

The Health and Post Secondary Education Tax Levy Act

This Act imposes a tax on an employer's total annual gross remuneration paid to their employees. Employers whose total annual gross remuneration paid to their employees is less than $1,250,000 are exempt from paying the levy (associated corporations are required to share the exemption). Employers whose total annual gross remuneration paid to their employees exceeds $1,250,000 but is less than $2,500,000 pay tax on the portion over $1,250,000 at a rate of 4.3%. Employers whose total annual gross remuneration paid to their employees exceeds $2,500,000 pay tax at a rate of 2.15%.

The Corporation Capital Tax Act

This Act levies a tax on the paid up capital of a corporation. Paid up capital is generally represented by capital stock, surpluses, reserves, loans and indebtedness of the corporation.

For fiscal years beginning after December 31, 2010, the corporation capital tax is eliminated for all corporations except banks, trust and loan corporations, and crown corporations. The tax rate for crown corporations is 0.5% of the taxable paid up capital. The tax rate for banks, trust and loan corporations is 3% of the taxable paid up capital. Effective for fiscal years ending after April 12, 2011, banks, trust and loan corporations with taxable paid up capital under $4 billion are exempt from the tax.

The tax rate for fiscal years beginning after January 1, 2010 (to December 31, 2010) was 0.2% for corporations with taxable paid up capital greater than $21 million. For taxable paid up capital between $20 million and $21 million, tax was 2.2% of the total paid up capital greater than $20 million. Banks, trust and loan corporations were taxed based on their shareholder equity and subordinated debt at a rate of 3%.

The Gasoline Tax Act

This Act imposes a per litre tax on all purchases of gasoline, gasohol, aviation gasoline and propane subject to certain exemptions (tax exempt fuel eligible for farming, fishing, trapping, logging and the cargo component of international aircraft flights).

The Motive Fuel Tax Act

This Act imposes a per litre tax on all purchases of petroleum products used in the operation of an internal combustion engine or for commercial heating, that are not taxable under *The Gasoline Tax Act*, subject to certain exemptions (tax exempt fuel eligible for farming, fishing, trapping, logging, segments of the mining industry, domestic home heating and international ocean going vessels).

Manitoba produced bio-fuel was exempt from both *The Retail Sales Tax Act* and *The Motive Fuel Tax Act* for a 5-year period ended March 31, 2011. The Taxation Administration branch administers the International Fuel Tax Agreement (IFTA) whereby truckers licensed in Manitoba are allowed to file a tax return which accounts for all jurisdictions travelled. The branch is responsible for verifying the returns and either issue recovery notices or refunds to other IFTA member jurisdictions.

The Tobacco Tax Act

This Act imposes a tax on the purchase of cigarettes, fine cut tobacco, cigars and other tobacco products.

The Tax Administration and Miscellaneous Taxes Act

Part 1 contains the consolidation of the general administration and enforcement provisions for the statutes administered by the Taxation Division.

The Mining Tax Act

This Act imposes a tax on the profits of mining operations.

Audit approach

Audit objective

We examined the Branch's audit function to ensure that significant occurrences of additional taxes owed are identified in a timely manner. This included an examination of the Branch's audit selection process, use of performance targets, actions to detect unreported taxable business activity and their overall practices for conducting audits.

Audit scope

The audit was conducted between October 2010 and July 2011. Our audit was performed in accordance with the value-for-money auditing standards recommended by The Canadian Institute of Chartered Accountants and, accordingly, included such lists and other procedures as we considered necessary in the circumstances.

We examined 30 completed tax audit files, and reviewed related Audit Branch policies and procedures. We also held discussions and/or interviews with the Director, Assistant Director and some of the Managers and Supervisors of Audit Branch.

We selected tax audit files from those completed between April 1 and October 31, 2010, related to compliance with *The Retail Sales Tax Act*, and *The Health and Post Secondary Education Tax Levy Act* (provincial tax statutes). The tax audits may have started before the beginning of or during the 2010/11 fiscal year and were completed by October 31, 2010.

The tax audit files examined did not include any files from the Investigations unit of Audit Branch. We also did not examine any tax audit files related to the audit of taxpayer returns/accounts for compliance with *The Corporation Capital Tax, Gasoline Tax, Motive Fuel Tax, Tobacco Tax, or Mining Tax Acts* or the International Fuel Tax Agreement. We limited our examination of Audit Branch's quality control function to a comparison with the performance standards for quality control as recommended by the Canadian Institute of Chartered Accountants. Our procedures were limited to the examination of file documentation on hand in the Branch, rather than a re-verification at taxpayers' premises.

Audit findings and recommendation

1. Maximize tax recoveries

For each tax statute, we expected that taxpayers should be selected for audit based on the assessed risk of fraud or error in the reported taxes as well as the significance of the potential tax recoveries.

1.1 Audit file selection process was risk based but weighting of risk factors could be enhanced

Audit Branch uses a risk based process to identify taxpayer accounts for audit. Risk factors increase the likelihood of errors in the reported taxes and can stem from past audit history and other information gathered about individual taxpayers. Due to the sensitivity of this information, we are not able to disclose specific risk factors. We were unable to review any documentation of the selection and prioritization of files (taxpayer accounts) for audit because the Branch did not retain it.

For the 2011 fiscal year, the Branch summarized the average recoveries per audit hour by audit plan (targeted risk factor) for Retail Sales Tax (RST) and Health and Post Secondary Education Tax Levy (HET) audits conducted from 2006 to 2010. They indicated that there were no significant trends in their analysis. However, the Branch also indicated that they noted from their analysis which targeted risk factors produced high recoveries and gave them priority in the audit selection process.

Using the Audit Branch's data for 2006-2010, we did the following analysis:

- We identified which types of audits (targeted risk factors) produced the 5 largest average recoveries per audit hour in each of the 5 years. Then we counted how many times the same type of audit (the same targeted risk factor of the 10 different risk factors in RST audits and the 11 different risk factors in HET audits) was in the top 5 recoveries per audit hour over that period. For RST audits, we found 6 types (6 of the 10 risk factors) were present in 3 of the 5 years; 2 of the 6 types were found in both 2009 and 2010. For HET audits, 4 types (4 of the 11 risk factors) were present in 3 of the 5 years and those 4 types were also common in both 2009 and 2010.
- We noted that for RST audits, the tax recoveries associated with the types of audits (targeted risk factors) in the 5 largest recoveries per audit hour accounted for at least 40% of the total recoveries (dollars) generated in 3 of the 5 years. For HET audits, the tax recoveries associated with the types

of audits (targeted risk factors) in the 5 largest recoveries per audit hour accounted for at least 50% of the total recoveries generated in 4 of the 5 years.

Our analysis shows that the selection of the type of audit (targeted risk factor) affects the likely tax recoveries (dollars) per audit hour. It also shows that ranking the selection of audits based on the type of audits that produced the greater recoveries per audit hour in recent years may increase total tax recoveries (dollars) generated by audits. And that the use of trend analysis may assist in the selection of audits that will maximize the total annual tax recoveries (revenues).

We urge the Branch to consider further analyzing annually the tax recoveries by risk factors and use that data analysis (including trends) in the audit file selection process to maximize tax recoveries. We also urge the Branch to keep documentation of management's review and approval of the selection and prioritization of files for audit.

1.2 Performance targets were set but were limited

Audit Branch's performance targets are based on activities and outputs. These targets are used for internal management and monitoring purposes and only the number of audits completed during the year is publicly reported. Audit and Audit Review units' performance measures were as follows:

- The activities target is the percentage of work [time] spent on audits, which excludes non-work time such as vacation, sick leave and statutory holidays.
- There are 2 output related targets, which are the annual number of audits completed and the percentage increase in the number of audits completed over the prior year.

Audit Branch met its activities and output related targets for 2010/11.

The output targets for 2010/11 were based on the actual number of audits completed in 2009/10, and also reflected vacancies and auditors' past performance.

In comparison, the Government of Alberta uses a recoveries-to-expenses ratio as a performance measure (2010/11 annual report, Ministry of Finance), but it also includes the cost of collection activities in its calculation of expenses. British Columbia, for 2009/10 (annual report, Ministry of Finance), set an annual amount of incremental tax revenue to be identified through audit and compliance activities as its performance target. Saskatchewan, for 2008/09 (annual report, Ministry of Finance), set the annual number of audits to be performed as a performance target.

In Manitoba, comparing the total 2010/11 tax recoveries (receivables recorded) of $33.8 million to the $7.3 million expenses results in a $5 to $1 ratio of recoveries to expenses. While this ratio is not used as a performance target, it is relevant that Audit Branch identifies more tax recoveries than it costs to perform the audits.

The Branch also sets a targeted range of average recoveries per audit hour as a performance measure. The performance measure is calculated based on the tax recoveries identified in completed audits and the related audit hours spent. They also had a target for the number of audits to be completed. An audit is considered complete when the audit recoveries identified are recorded in the accounting system as an accounts receivable. This record is made generally when the taxpayer has agreed to the tax audit findings (tax assessment).

Overall, the Branch met its target for 2010/11 for average recoveries per audit hour. The Branch exceeded the target set for the number of audits to be completed in 2010/11.

1.3 Lost revenue from unreported taxes is not estimated

The Branch performs a range of activities to identify taxes owed from unreported taxable business activity. Specifically, it:

- Participates in a Federal/Provincial/Territorial Government underground economy committee
- Participates in a local Federal/Provincial compliance committee between the Canada Revenue Agency (CRA) and Manitoba Taxation Division
- Enters into memoranda of agreements for information sharing between Manitoba and CRA, and Manitoba and other provinces and territories
- Follows up on leads from field auditors.

The Branch uses information from those activities to identify possible cases of taxpayers who fail to report taxes owed. These cases are included in the audit file selection process.

The Branch does not perform any analysis to determine how much tax revenue is lost in Manitoba due to unreported taxable business activities and, using that information, also identify which sectors of the economy are more susceptible to significant unreported business taxable activity. Such an analysis would help the Branch decide what resources to allocate in detecting unreported taxes, and help it focus in the right areas.

The Ontario Government has performed such an analysis.

The Ontario Construction Secretariat, issued a report in July 2010 entitled *Underground Economy in Construction – It Costs Us All*. The Secretariat is a tripartite organization (with representatives from building trade unions (workers), signatory contractors (employers) and the Ontario Government) and was established under provincial legislation in 1993. It is intended to enhance Ontario's unionized industrial, commercial and institutional construction industry by a number of activities including developing relationships, facilitating dialogue and value-added research. Its report states:

- Practices in the construction industry during 2007-2009 resulted in estimated lost revenues to governments and government agencies of between $1.4 billion and $2.4 billion. The estimated lost revenues included unremitted Income Taxes, Goods and Services Tax (GST), Employer Health Tax, and premiums/contributions for Canada Pension Plan, Employment Insurance, and Workplace Safety and Insurance.
- Improper styling of sub-contractors as independent operators rather than as employees is the basis for the majority of the underground economy in the construction industry.
- Cash payments for services are an important contributor to the underground economy, especially for evading GST, but it is much less significant than the independent operator problem.

Statistics Canada released a study entitled *Estimating the Underground Economy in Canada, 1992-2008* in June 2011. The study concludes that for 2008:

- Upper estimate of the underground economy (value added) in Canada was $36 billion (equivalent to 2.2% of Gross Domestic Product (GDP)) although some of the underground activity is already included in the published GDP estimate.
- Personal spending on underground goods and services accounted for $24 billion, equivalent to 2.7% of the total published household expenditure figures on goods and services. And more of the underground personal expenditure was related to services (62%) than goods (38%).
- Construction related activities accounted for $11 billion of the underground economy.
- Three most significant sectors of the underground economy activities were construction (30%), retail trade (16%) and accommodation and food services (12%).

Recommendation: We recommend that 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.

Response of officials: The Taxation Division agrees with the Auditor General's recommendation. The Audit Branch will review other jurisdictions to determine the most efficient and effective method of arriving at an estimate of unreported taxable business activity by sector in Manitoba.

The Audit Branch already performs a risk based analysis and uses a variety of information sources to optimize the use of its available resources. The Audit Branch will use the estimates on unreported taxable business activity by business sector as an additional information source in planning future audits.

2. Conduct of audits

We evaluated the Audit and Audit Review units' audit process against the Canadian Institute of Chartered Accountants (CICA) Assurance Standards. Those standards include general standards, such as requiring that auditors have an objective state of mind and adequate knowledge of the subject matter, and performance standards, such as requiring that the audit be adequately planned and the staff doing the audit be properly supervised.

2.1 Auditors' independence adequately documented

The preparation of conflict-of-interest (absence of) declarations showed the Branch considered the requirement that the audits should be performed by auditors who have an objective state of mind. In April, 2010, the Branch began to document in new audit files an assessment that the auditors assigned had no conflict of interest with the taxpayer that they audited. In the 16 audits started in April, 2010 or later in our sample, we found assessments of auditor independence in all but 1 instance. In the 1 case, an assessment for 1 of the 2 auditors assigned was not completed.

2.2 Audit work was appropriate but documentation of some risk analysis and managerial review could be improved

The audit files we examined considered the risk of error in reported taxes and the audits were adequately planned. However, documentation of the risk analysis in the files was limited. In our sample, 2 audit (hardcopy) files could not be located and we reviewed the file documents stored electronically in the accounting system, Gentax. Risks in a file are identified initially by 1 of the 2 Workload Development Officers and used to select a file (taxpayer) for audit. Once a supervisor or manager assigns the file to an auditor, the field auditor prepares an audit-planning document and the supervisor or manager-in-charge approves it before fieldwork starts. But the taxpayer profile and various factors used to identify risks were not documented in the planning section of the files. There was no section (linkage) in the audit files showing why the file was selected for audit (the identified risks) and therefore no linkage to the audit work performed. But we assessed that audit work performed was reasonable according to the risks identified in the file selection process, based on the information kept in Gentax.

File Allocation Criteria (risk factors) are used to determine the auditor classification (experience level) needed to conduct the respective audits. The Branch sets up the inventory of files for future audit based on auditor classifications. Audits are assigned to auditors by supervisors and managers based on the auditors' experience levels and availability. The assessment of audit complexity is based on criteria such as sales dollars and the type of industry. This approach showed that the Branch's assignment of files process considered whether the staff had adequate proficiency and knowledge for such audits. Documentation of the criteria used to allocate them to that audit or classification level was found in Gentax but was not included in the audit files, indicating that audit information can be stored in more than 1 place.

An understanding of the entity and its environment (knowledge of business) was documented in all the files. However, the identified risks and issues, including the risk of fraud, and their dispositions or resolutions were not fully documented in the files. The guidance in the audit forms to help auditors identify risk factors related to fraud was limited and had not been updated in the past few years.

Of the 30 audit files examined, 22 files had either taxes owed or a refund due. We re-computed the tax findings based on the information in the audit files. Our re-computed tax findings (tax assessments) matched the results in the audit files. There was sufficient appropriate evidence in the audit files or in Gentax to support the tax findings determined by the Branch. In the other 8 audit files, the documentation of procedures performed provided evidence that the taxpayer returns/accounts were accurate and no taxes were owed or refunds required.

All files were reviewed by a staff person with a more senior classification than the auditor who did the fieldwork. Auditors in the field were supervised by staff with more experience than themselves. This approach showed that the Branch's supervision and review processes considered the complexity, timing and nature of the audits.

The supervisor or manager of an audit reviews the audit file; the file consists generally of a set of standardized forms (audit package) completed by the auditor. In most cases, documentation was lacking in the files on the extent of the supervisor or manager's input in the planning phase of the audit. The audit planning forms for HET and RST audits require the lead (fieldwork) auditor to review the planning with the supervisor before beginning the fieldwork. In 8 of the files in the sample selected, the planning document was not approved in writing by the supervisor prior to the beginning of the fieldwork based on the date of the respective sign-offs.

In most cases, documentation of the supervisor or manager's review of the detailed working papers, such as review notes or initials on working papers, was lacking in the files. Only 4 sections (documents) in each file must be approved (signed off) by the supervisor or manager to indicate that the file review has been completed. These documents were completed and the date on which the file review was performed was recorded in the audit files. However, the file review was not completed generally prior to the tax findings being sent to the taxpayer. If the managerial review results in a correction to the tax findings, a revised letter is sent to the taxpayer. In all cases, the file review was completed prior to the recoveries (accounts receivable) or refunds being posted in Gentax (the accounting system). Managerial review of the file should be completed before the tax findings are sent to the taxpayer based on CICA assurance standards.

The Branch does not use audit file preparation software. Good practice in the auditing profession is to use an electronic audit file program with a library of audit methodology and audit procedures. It facilitates recording (electronically) all audit planning, examination, and finalization procedures including the review and approval by the supervisor of the audit work done. We urge the Branch to consider obtaining an electronic audit file program, with an in-house developed audit library including policies and procedures, and an electronic sign-off by preparer and reviewer, to help prepare audit files. The Audit Branch should use the program to improve audit documentation and the timing of the managerial review process.

2.3 Quality control review process generally consistent with standards

Audit Branch's quality control review group, Audit Review, consists of 3 senior staff, including the Manager. Audit files are selected for a quality control review based on established criteria. The quality control review (done after the review by the supervisor or manager responsible for the audit is finished) ensures that the audit file has sufficient and appropriate evidence to support the tax findings identified (audit conclusion). We focused our examination on a comparison with the CICA performance standards for a quality control review.

The Branch established criteria for when a quality control (QC) review was to be performed and met those criteria in the sampled files.

The QC review is done generally after the tax audit findings letter has been issued. If the taxpayer agrees with the tax audit findings (tax assessment), a notice of assessment is not issued. But if a notice of assessment is issued, the QC review is done before sending the notice to the taxpayer. The QC review has not resulted generally in a change to the tax assessment based on our sample. Because a tax assessment may still be changed after a notice is sent, the timing of the QC review is reasonable.

The Branch has established the timing, nature and extent of the QC review and how it is to be documented, which is by using a standardized form (a checklist of questions and procedures) and performing a second review of the standardized form (tax audit findings).

The standardized QC review form was completed, including a second review of the audit report checklist. The standardized form asks a series of questions, including the following:

- One multi-part question is whether the file meets the quality standards of the Taxation Division
- Other questions ask the reviewer to evaluate the completeness and accuracy of the supervisor or manager's review and to consider possible fraud (on RST audits) and the need to give that information to the Investigations unit. An evaluation of the need to involve the Collections (Taxation Administration) and an evaluation of matters that might require amendments to policies and procedures and legislation is required.

The scope and conclusions of the QC review procedures are documented on the standardized form. The form also indicates that questions from the QC reviewer need to be cleared before the QC review is complete.

The Branch has not documented, as a policy, the criteria used to determine which staff are eligible to do QC reviews, which is not consistent with CICA QC review standards.