



OFFICE OF THE
AUDITOR GENERAL
MANITOBA

Follow-up of Previously Issued Recommendations

May 2015

Website Version

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, 2015

The Honourable Daryl Reid
Speaker of the House
Room 244, Legislative Building
Winnipeg, Manitoba R3C 0V8

Dear Sir:

It is an honour to provide you with my report titled, *Follow-up of Previously Issued 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 Signed By:
Norm Ricard

Norm Ricard, CA
Auditor General (Acting)

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Follow-up process

Follow-up process

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

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 4) to assess the plausibility of the recommendation statuses provided. We do not re-perform audit procedures from the original audit.

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 recommendation.

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 fully address the risk identified in our recommendation.

Work in progress

Management is in the process of taking steps to implement our recommendation.

Report format

This report includes 18 follow-up reports. We have organized the follow-up reports into two sections:

- No additional follow-up reviews scheduled.
- At least one more follow-up review scheduled.

For each follow-up report we identify who is responsible for implementing our recommendations. The Public Accounts Committee 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 of June 30, 2014, as well as tables listing all the recommendations made, organized by implementation status.

Nature of a review

In a review, we provide a moderate level of assurance. Our procedures are limited to enquiry, document review and discussion. The evidence obtained through these procedures enables us to conclude on whether the matter is **plausible** in the circumstances.

A review is distinguishable from an audit in that it provides a moderate rather than a high level of assurance. In our audits, 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 document examination and discussion with entity management.

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

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

Summary of implementation status

This report includes 18 follow-up reports. As detailed in Figure 1, of the 296 recommendations in these reports:

- 163 have been implemented/resolved
- 8 no longer require the recommended action
- 11 will not be implemented
- 114 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 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, 2014					
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					
December 2010 Report to the Legislature					
Managing Climate Change	15	2			13
Economic Development: Loans and Investments under <i>The Development Corporation Act</i>	14	11	3		
Special Audit: Society for Manitobans with Disabilities	13	8		1	4
Special Audit: Rural Municipality of St. Laurent (Note 1)	9	9			
Total	51	30 (59%)	3	1	17 (33%)
At least one more follow-up review scheduled					
January 2012 Report to the Legislature					
Appointment Process to Agencies, Boards, and Commission	9	4			5
Animikii Ozoson Child and Family Services Agency	25	21	2		2
Food Safety	41	26	3	2	10
Personal Injury Protection Plan	23	18			5
Special Needs Education	19	11		2	6
Taxation Division, Audit Branch	1			1	
Wireless Network Security	18	14			4
Total	136	94 (69%)	5	5	32 (24%)
June 2012 Report to the Legislature					
Report on the Rural Municipality of St. Clements	5	1 (20%)		3	1 (24%)
January 2013 Report to the Legislature					
Citizen Concerns – North Portage Development Corporation	4	2		1	1
Information Technology Security Management	47	11		1	35
Manitoba Early Learning and Child Care Program	25	6			19
Manitoba eHealth Procurement of Contractors	10	10			
Office of The Fire Commissioner	4	1			3
Provincial Nominee Program for Business	13	8			5
Senior Management Expense Policies	1				1
Total	104	38 (37%)		2	64 (62%)
Grand Total	296	163 (55%)	8 (3%)	11 (4%)	114 (38%)

Note 1: all recommendations in this Report were implemented as at June 30, 2013. It is noted here in order to list all the chapters included in our December 2010 Report to the Legislature.

**No additional follow-up reviews
scheduled**

1. Managing Climate Change

Our recommendations were originally directed to the Department of Conservation and the Province. Due to a government reorganization the Department of Conservation and Water Stewardship is now responsible for implementing our recommendations.

Summary of reports and PAC discussion dates	
Reports Issued	Discussed at PAC (in meetings up to December 8, 2014)
Original report – December 2010	February 9, 2011 October 24, 2012 June 26, 2014 (Passed)
First follow-up – January 2013	December 8, 2014 (Passed)
Second follow-up – May 2014	-

What our original report examined

We examined the management of Manitoba's climate change initiative, including the systems and practices for planning, project management, selecting and funding individual climate change projects, and 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, 2014

As shown in the table below, only 2 of our 15 recommendations have been implemented as at June 30, 2014.

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	2	-	-	13	15

The Department told us that it intends to implement many of the outstanding recommendations when it implements a new long term climate change action plan. In April 2015 the Department advised us that it recently completed public consultations on climate change and is working on a plan that should be released over the next few months.

No additional follow-up reviews scheduled

Because we have followed up on the “Managing Climate Change” 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			
	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	1	-	-
May 2014	-	-	-
January 2013	1	-	-
Total	2	-	-

Below we list the recommendations that remain in progress and the recommendations that are considered cleared. To clarify the status of recommendation 15 we have added an “OAG comment”

Work in progress

We recommended that:

1. The Department of Conservation support development of updated climate change action plans with documented, and coordinated and comprehensive analysis of the benefits, risks, and costs of alternative approaches and tools.
2. The Department of Conservation set longer-term climate change targets when developing updated climate change action plans.
3. The Department of Conservation calculate the estimated total cost of updated climate change action plans and integrate climate change planning with the budget process.
4. The Department of Conservation develop and periodically revise “business as usual” greenhouse gas emission forecasts for Manitoba. These forecasts should be prepared on a basis consistent with the best practices in greenhouse gas emissions forecasting and be used to periodically update climate change plans.
5. The Department of Conservation, together with the partner departments, assess and document the likely impacts of climate change on government services, programs and resources.
6. The Department of Conservation, together with partner departments, complete the updating of Manitoba’s Climate Change Action Plan.
7. The Province more clearly define the role of the lead department and other partners.
8. The Department of Conservation, together with partner departments, implement a formal risk management process for the climate change project. This process should identify risk, assess each risk’s likelihood and impact (including greenhouse gas reduction impact), and develop risk mitigation strategies.
9. The Department of Conservation work with climate change partner departments to establish regular progress reporting on whether the climate change project is on time, on budget, and going to achieve its stated goals.

Work in progress (cont'd)

We recommended that:

10. The Department of Conservation work with climate change partner departments to ensure all greenhouse gas reduction estimates are based on sound data and reviewed for consistency with National Inventory accounting standards and practices.
11. The Department of Conservation develop best-case, most-likely-case, and worst-case forecasts when monitoring and reporting progress in reducing greenhouse gas emissions.
14. The Department of Conservation develop the capacity and systems required to model and report on the emission reduction likely to be achieved for 2020 and 2025, as required by *The Climate Change and Emissions Reduction Act*.
15. The Department of Conservation, together with partner departments, track and publicly report government-wide climate change spending and secondary climate change outcomes (such as economic and social benefits), in addition to the reduction in greenhouse gas emissions achieved.

OAG comment: The Department has deferred action on including the costs incurred in achieving greenhouse gas emission reductions in its public reporting until it implements a new action plan. In our view, this information could have been included in the climate change progress reports issued in 2012 and 2014. This information would have added needed context to the emission reductions being reported.

Considered cleared

This follow-up report – status as at June 30, 2014

Implemented/resolved

We recommended that:

13. The Minister of Conservation determine the method that will be used to calculate greenhouse gas emissions for reporting purposes under *The Climate Change and Emissions Reductions Act*.

January 2013 report – status as at June 30, 2012

Implemented/resolved

We recommended that:

12. Treasury Board Secretariat work with climate change partner departments to continue improving the data and analysis used in selecting and funding climate change projects through allocations from the federal eco-trust.

2. Economic Development: Loans and Investments under The Development Corporation Act

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

Summary of reports and PAC discussion dates	
Reports Issued	Discussed at PAC (in meetings up to December 8, 2014)
Original report – December 2010	May 25, 2011 March 20, 2013 (Passed)
First follow-up – January 2013	December 8, 2014 (Passed)
Second follow-up – May 2014	-

What our original report examined

We examined the due diligence used by the Department of Entrepreneurship, Training and Trade in approving, disbursing and monitoring loans and investments, as well as related performance measurement and public 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, 2014

As shown in the following table, as at June 30, 2014, 11 of our 14 recommendations have been implemented, and 3 are no longer relevant (see comment below).

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	11	3	-	-	14

In 2014 the Department determined that its investments in venture capital funds were not yielding the results desired, and that it would not be investing in these kinds of funds in the foreseeable future. As a result: our recommendations relating to venture capital fund investments (recommendations 8, 9, and 10) are no longer relevant.

Because we have followed up on the “Economic Development: Loans and Investments under The Development Corporation Act” 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			
	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	1	3	-
May 2014	4	-	*
January 2013	6	-	-
Total	11	3	-

* The Department advised that it does not intend to implement certain parts of recommendation 5.

Below we list the recommendations that are considered cleared. To clarify the status of recommendation 5, we have added an “OAG comment”.

Considered cleared
This follow-up report – status as at June 30, 2014
Implemented/resolved
We recommended that:
14. ETT ensure the accuracy and consistency of performance measures for the Manitoba Industrial Opportunities Program (MIOP) loan and century capital fund programs and measure results for these programs that are focused and on actual economic benefits to Manitoba.
Action no longer required
We recommended that:
8. ETT assess the results achieved by the differing venture capital fund approaches that have been used in Manitoba, as well as the related costs and risks, on a more regular basis.
9. ETT strengthen its analysis of potential economic benefits to Manitoba when considering investment in a venture capital fund.
10. ETT more consistently review and document fund managers’ past returns, knowledge of Manitoba businesses and target industry sectors, and ability to stimulate economic development in Manitoba.

Considered cleared (cont'd)

May 2014 report – status as at June 30, 2013

Implemented/resolved

We recommended that:

5. ETT develop internal guidelines for setting MIOP interest rates, penalties for failing to meet agreed upon job targets and administration fees, and document use of the guidelines in loan files.
OAG comment: Guidelines have been developed for setting interest rates, but as noted in our May 2014 Follow-up Report, the Department does not intend to implement guidelines for penalties and administration fees.
7. ETT ensure all loan monitoring information is timely and document all monitoring activities.
11. ETT ensure that conflicts-of-interest, both in placing investments and operating the funds, are identified and responded to.
12. ETT calculate and monitor its total exposure to any one portfolio company through its multiple venue and capital investment funds.

January 2013 report – status as at June 30, 2012

Implemented/resolved

We recommended that:

1. ETT clearly communicate the flexibility of the MIOP lending criteria in all publicly available information explaining the program.
2. ETT obtain documented, current and complete business plan information to support its analysis of MIOP loan requests.
3. ETT's analysis of MIOP loan requests include documented review, challenge, and sensitivity analysis of key assumptions supporting financial projections.
4. To the maximum extent possible, ETT's analysis of a loan's anticipated economic benefits include the loan's multiplier effects.
6. ETT either obtain Treasury Board approval for all waived MIOP loan fees and penalties or request that Treasury Board formally delegate this authority to ETT.
13. ETT post the Manitoba Development Corporation's annual report on its website and that the report includes performance measures, management discussion and analysis, and a list of all loan recipients and funds with Provincial investment.

3. Special Audit: Society for Manitobans with Disabilities

Our recommendations were originally directed to the Department of Family Services and Housing and to The Society for Manitobans with Disabilities (The Alliance). The Department of Family Services and Housing has since reorganized. Our government recommendations are now directed to the Department of Family Services.

Summary of reports and PAC discussion dates	
Reports Issued	Discussed at PAC (in meetings up to December 8, 2014)
Original report – December 2010	March 16, 2011 (Passed)
First follow-up – January 2013	October 30, 2013 (Passed)
Second follow-up – May 2014	-

What our original report examined

We examined allegations that the Society for Manitobans with Disabilities (SMD):

- had excessive administration costs.
- lacked accountability for public funds (and did not use them for intended purposes).
- had poor governance.

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, 2014

As shown in the following table, as at June 30, 2014, 8 of our 13 recommendations have been implemented (1 of 3 to the Department and 7 of 10 to SMD) and SMD does not intend to implement one recommendation (see comment below).

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	8	-	1	4	13

In our January 2013 Follow-up Report, SMD advised that it did not intend to implement recommendation 7 which dealt with providing The Services Board of Directors with full control over its operations. SMD indicated that it had obtained a legal opinion that indicated that SMD Services had all the authority of any corporation except to the extent that this authority had been limited by the members. SMD noted that it has not limited the authority of Services over agency

No additional follow-up reviews scheduled

agreements. We note however that our recommendation was not limited to authority over agency agreements.

Because we have followed up on the “Special Audit: Society for Manitobans with Disabilities” 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			
	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	1	-	-
May 2014	1	-	-
January 2013	6	-	1
Total	8	-	1

Below we list the recommendations that remain in progress and the recommendations that are considered cleared. To clarify the status of certain recommendations, we have added an “OAG comment”.

Work in progress

We recommended that:

1. The Department improve coordination between the 3 areas that monitor compliance and, specifically, clearly identify who is responsible to follow-up on concerns.
OAG comment: To strengthen the coordination between units, the Department is enhancing the comptrollership function, redeveloping the Agency Accountability and Support Unit, and enhancing the framework and terms of reference for the Department Audit Committee”.
2. The Department clearly specify which overhead costs it will fund.
OAG comment: In October 2014, subsequent to our follow-up cut-off date, the Department advised us that it had finalized a document specifying the administrative costs it will fund.
8. The Alliance Board ensure that the strategic plans are regularly documented and updated.
OAG comment: Our original report noted that the latest strategic plan was dated 2004. In response to our recommendation SMD officials told us that the Board undertook an exercise with all staff to identify unmet needs of people with disabilities. This information along with other inputs will be used as a basis for updating the strategic plan.
13. Alliance review its current policy manual to ensure that it is complete and current.
OAG comment: SMD considers policy development and revision an ongoing process. SMD officials told us that policies and procedures respecting performance appraisals are being reviewed and a number of other draft policies are scheduled for focus-group testing with staff. Also, progress has been made in revising their Privacy policy to comply with legislative revisions.

Considered cleared

This follow-up report – status as at June 30, 2014

Implemented/resolved

We recommended that:

4. The Alliance Board regularly review its by-laws to ensure that they are current and reflect the Alliance's current needs and practices.

May 2014 report – status as at June 30, 2013

Implemented/resolved

We recommended that:

3. The Department decide whether to assume the risk of intercompany transactions and reflect the decision in the Service Purchase Agreement.

January 2013 report – status as at June 30, 2012

Implemented/resolved

We recommended that:

5. Alliance ensure that the Annual General Meeting minutes are recorded and kept on file.
6. Alliance and its subsidiaries make training available to its board members in key governance skills such as strategic planning, risk management and financial literacy.
9. Alliance annually review the performance of its CEO.
10. The Alliance CEO and subsidiaries' COOs regularly evaluate their management and senior staff against performance criteria in their job descriptions.
11. The evaluations be documented and retained in personnel files.
12. Alliance ensure that all subsidiary management receive ongoing training and information on preparing the annual budget.

Do not intend to implement

We recommended that:

7. The Services Board of Directors be given full control over its operations, including decisions over agency agreements.

**At least one more follow-up review
scheduled**

4. 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 8, 2014)
Original report – January 2012	August 23, 2012 (Passed)
First follow-up – May 2014	-

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, 2014

As shown in the table below, 4 of our 9 recommendations have been implemented as at June 30, 2014.

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	4	-	-	5	9

Because we have followed up on the “Appointment Process to Agencies, Boards and Commissions” 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.

At least one more follow-up review scheduled

Timing of recommendations considered cleared			
	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	-	-	-
May 2014	4	-	-
Total	4	-	-

Below we list the recommendations that remain in progress and the recommendations that are considered cleared.

Work in progress

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 expires are kept up-to-date.
8. Appointments to ABCs have staggered terms, so that there is an orderly transition of new 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.

Considered cleared

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 expires 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.

5. 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 8, 2014)
Original report – January 2012	October 30, 2013 (Passed)
First follow-up – May 2014	-

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 of 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, 2014

As shown in the following table, as at June 30, 2014, 21 of our 25 recommendations have been implemented, while 2 recommendations are no longer relevant (see comment below).

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
Total	21	2	-	2	25

In our May 2014 Follow-up Report, the Agency indicated that recommendations 22 & 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 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.

At least one more follow-up review scheduled

Timing of recommendations considered cleared			
	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	7	-	-
May 2014	14	2	-
Total	21	2	-

Below we list the recommendations that remain in progress and the recommendations that are considered cleared.

Work in progress

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 member and staff which meet the standards of the Province's Conflict of Interest Policy.

Considered cleared

This follow-up 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 license 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.

Considered cleared (cont'd)

We recommended that:

3. The Authority, in collaboration with the Agency, review the impact of the new funding model assumptions of 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.
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.

6. Food Safety

Our recommendations were originally directed to the Manitoba Agriculture, Food and Rural Initiatives (MAFRI), and the Department of Health (Health). The Department of Agriculture, Food and Rural Development and the Department of 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 8, 2014)
Original report – January 2012	June 19, 2012 (Passed)
First follow-up – May 2014	-

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 MAFRI as at June 30, 2014

As shown in the table below, 15 of our 22 recommendations have been implemented as at June 30, 2014. Four other recommendations are considered cleared (see comments below).

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	15	3	1	3	22

As noted in our May 2014 Follow-up Report, the Department advised that it did not intend to implement recommendation 17 dealing with requiring annual conflict of interest declarations. Civil Service Commission (CSC) advised them not to develop a policy separate from that which already exists for all employees of government. CSC believes doing so may affect labour relations. 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).

As noted in our May 2014 Follow-up Report, the Department advised that recommendation 11, which deals with outsourcing, is no longer relevant because MAFRI assumed responsibility for conducting Provincial meat inspections.

In addition, the Department advised that recommendation 22 & 23 are no longer relevant because the related funding programs have ended.

Because we have followed up on the “Food Safety” 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			
	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	5	-	*
May 2014	10	3	1
Total	15	3	1

* MAFRI 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. To clarify the status of certain recommendations, we have added an “OAG comment”.

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.
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.
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 educations and awareness.

OAG comment: MAFRI said they are working on industry food safety education related to the top violations noted during their inspections. However, they indicated that they will not enhance their focus on consumer education as it is outside the Department’s mandate. MAFRI noted however that they used the resources of agencies such as the Public Health Agency of Canada and Health Canada to provide information to consumers if required.

Considered cleared

This follow-up 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 comment: While we concur that recommendation 2 is implemented, we noted that MAFRI's targets are only output based. MAFRI 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 comment: MAFRI 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.

MAFRI 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 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.
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 inspectors, 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. 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 for 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.
22. MAFRI ensure all 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, 2014

As shown in the following table, as at June 30, 2014, 11 of our 19 recommendations have been implemented and the Department does not intend to implement one recommendation (see comments below).

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	11	-	1	7	19

In our May 2014 Follow-up Report the Department indicated that it does not intend to implement recommendation 17 dealing with requiring annual conflict of interest declarations. The CSC advised them not to develop a policy separate from that which already exists for all employees of government. CSC believes doing so may affect labour relations. 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).

Because we have followed up on the "Food Safety" 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			
	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	1	-	-
May 2014	10	-	1
Total	11	-	1

Below we list the recommendations that remain in progress and the recommendations that are considered cleared.

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 compares results to targets to identify any actions required to respond to trends and improve results.
3. Health enhance publicly available information on food safety to include data on compliance with food safety standards.
5. Health periodically review and update food safety standards in Manitoba to ensure they are consistent with those in most other Canadian jurisdictions.
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.
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.
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.

Considered cleared

This follow-up 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 inspectors, 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. Health 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 for 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.

7. Personal Injury Protection Plan

Our recommendations are directed to the Manitoba Public Insurance Corporation, the Automobile Injury Compensation Appeal Commission, the Claimant Advisory Office and the Manitoba Government.

Summary of reports and PAC discussion dates	
Reports Issued	Discussed at PAC (in meetings up to December 8, 2014)
Original report – January 2012	July 5, 2012 (Passed)
First follow-up – May 2014	-

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, 2014

As shown in the table below, 18 of our 23 recommendations have been implemented as at June 30, 2014.

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	18	-	-	5	23

MPI expects all work in progress recommendations to be fully implemented by the time of our next follow-up review.

Because we have followed up on the “Personal Injury Protection Plan” 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.

At least one more follow-up review scheduled

Timing of recommendations considered cleared			
	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	2	-	-
May 2014	16	-	-
Total	18	-	-

Below we list the recommendations that remain in progress and the recommendations that are considered cleared. To clarify the status of recommendations 23 and 10, we have added an “OAG comment”.

Work in progress

We recommended that:

7. MPI work with the Automobile Injury Compensation Appeal Commission (AICAC), the CAO, and the Mediation Office to assist in reducing the number of unresolved appeals at the CAO and appeals not yet scheduled for hearing at AICAC.
11. MPI regularly review all non-indexed benefits and ensure they remain reasonable and fair over time.
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.
18. MPI ensure that vendor recommendations made to claimants are based on analysis of vendors’ products, services, timeliness, costs, and available discounts.
23. MPI augment its claims management information by:
 - a. Including customers with complex and long-term claims in its customer surveys.
 - b. Measuring claim duration.
 - c. Tracking return-to-work outcomes for claimants receiving vocational rehabilitation assistance.

OAG comment: Recommendation (b) and (c) have been implemented.

Considered cleared

This follow-up 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.
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 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 counseling.
 - 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.

Considered cleared (cont'd)

We recommended that:

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.
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 its 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 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 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.

8. Special Needs Education

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

Summary of reports and PAC discussion dates	
Reports Issued	Discussed at PAC (in meetings up to December 8, 2014)
Original report – January 2012	June 19, 2012 (Passed)
First follow-up – May 2014	-

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, 2014

As shown in the following table, 11 of our 19 recommendations have been implemented as at June 30, 2014. The Department advised that it will not implement 2 recommendations (recommendations 9 and 10), both of which relate to educational assistants (see comments below).

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	11	-	2	6	19

Recommendation 9 is to provide learning opportunities specifically for educational assistants (EAs) in the Department's professional development calendar. The Department believes that the professional development opportunities it offers to school teams, which may include EAs, is sufficient. The Department also noted that it provides workshops specifically for EAs upon request by individual school divisions.

Recommendation 10 is to formally assess the potential benefits and impediments to providing non-mandatory certification of educational assistants. The Department was able to demonstrate that it had considered the impediments of certification; however it did not weigh these against the potential benefits. It does not intend to take any further action to address this

At least one more follow-up review scheduled

recommendation. As noted in our audit report, school divisions currently set their own qualification requirements for EAs, and EA certificate programs vary considerably. Ensuring that EA's 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 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			
	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	1	-	2
May 2014	10	-	-
Total	11	-	2

Below we list the recommendations that remain in progress and the recommendations that are considered cleared.

Work in progress

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.
5. Education further clarify what constitutes allowed paraprofessional duties and communicate this guidance to school divisions and other stakeholders.
7. Education work with school divisions to ensure there is a fully array of life skills learning resources available for students with special needs.
11. Education work with school divisions to determine if students are receiving timely access to clinician assessment services.
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 assistance, resource teachers, different types of clinicians, and assistive technology devices.
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.

Considered cleared

This follow-up 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 the 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.
-

9. 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 8, 2014)
Original report – January 2012	February 25, 2013 (Passed)
First follow-up – May 2014	-

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 recommendations. All of our reports are available at our website: oag.mb.ca

Status of our recommendation as at June 30, 2014

As noted in the following table, the Department advised us that it does not intend to implement our recommendation (see comment below).

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	-	-	1	-	1

We recommended that the Department estimate the tax revenue lost due to unreported taxable business activity and that it use this information when making Audit Branch resourcing decisions. The Department believes that there likely remains a significant amount of unpaid taxes but that estimating this amount with any degree of certainty would be very difficult.

The Department indicates that the Audit Branch has incorporated the most at-risk sectors into its file selection model and that it is achieving significant audit recoveries using available resources and existing data and processes. The Department notes that these processes continue to result in a recovery rate of 5 to 1 over the cost of operating the Branch.

We continue to believe that there are opportunities to increase recoveries by optimizing staff allocations. We encourage government to explore the recoveries that could be achieved using various staffing allocations.

At least one more follow-up review scheduled

Below we list our recommendation.

Considered cleared

This follow-up report – *status as at June 30, 2014*

Do not intend to implement

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.

10. Wireless Network Security

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

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

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 IT Security Policy.
- A comprehensive Wireless Security Policy.
- Robust network security controls.
- Current wireless AP 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 as at June 30, 2014

As shown in the table below, 14 of our 18 recommendations have been implemented (WRHA: 2 of 2; MLLC: 8 of 8; eHealth: 4 of 8) as at June 30, 2014.

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	14	-	-	4	18

At least one more follow-up review scheduled

Because we have followed up on the “Wireless Network Security” 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			
	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	2	-	-
May 2014	12	-	-
Total	14	-	-

Below we list the recommendations that remain in progress and the recommendations that are considered cleared. To clarify the status of certain recommendations, we have added an “OAG comment”.

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 performed a risk assessment. They are working on reducing wireless risks outlined in our report. Upon completion they will highlight any residual risks to the WRHA.
8. eHealth address our findings in the area of Network Security Controls.
OAG comment: 5 of 11 findings have been addressed. For all others, significant progress is being made.
12. eHealth address our findings in the area of client device configuration standards.
OAG comment: eHealth has addressed 7 out of 8 of our findings. They have taken positive steps in addressing the last finding.
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 with mandatory participation for all Manitoba eHealth staff. As at December 2013, the course completion rate was 98%. However, as WRHA staff use the wireless networks it is important that this course also be mandatory for WRHA staff.

Considered cleared

This follow-up 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

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

11. Report on the Rural Municipality of St. Clements

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

Summary of reports and PAC discussion dates	
Reports Issued	Discussed at PAC (in meetings up to December 8, 2014)
Original report – June 2012	January 13, 2014
First follow-up – May 2014	-

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, 2014

As shown in the following table, 1 of our 5 recommendations has been implemented as at June 30, 2014. The Department does not intend to implement the 2 recommendations directed to it, and the Municipality does not intend to implement one recommendation (see comments below).

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	1	-	3	1	5

In our May 2014 Follow-up Report, we indicated that the Department did not intend to implement recommendations 2 and 4.

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. The Department has implemented a Recreation Feasibility Study Grant program that provides cost-

sharing funding to municipalities and other organizations wishing to develop or expand their recreation facilities.

Recommendation 4 deals with requiring that municipalities develop a disposition of assets policy. Although not mandatory, the Department has provided guidance in the Municipal Act Procedures Manual.

Also in our May 2014 Follow-up Report, we indicated that the Municipality did not intend to implement recommendation 5. The RM noted that council has concerns with the need to tender for construction managers or other professional service providers, such as architects and that the R.M. does not have the capacity nor the resources to properly draft and evaluate proposals for these types of services. The R.M. expressed the view that long term relationships with professional service providers offer many benefits, including understanding the policies and past practices of the municipality. And that often the relationship with professional firms continues 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 municipality.

Because we have followed up on the “Report on the Rural Municipality of St. Clements” 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			
	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	-	-	-
May 2014	1	-	3
Total	1	-	3

Below we list the recommendations that remain in progress and the recommendations that are considered cleared. To clarify the status of recommendation 1, we have added an “OAG comment”.

Work in progress

We recommended that:

1. The RM prepare detailed feasibility studies or business plans for projects of this magnitude.
OAG comment: RM officials told us that feasibility studies have been prepared for several large projects undertaken since our report was issued. The RM is in the process of preparing a policy that will require a feasibility study for all projects meeting certain criteria.

Considered cleared

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.
4. The Department make disposition of assets policies mandatory for all RMs.
5. Construction managers be tendered to ensure the RM is obtaining the most suitable choice for the project.

12. 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 Municipal Government.

Summary of reports and PAC discussion dates	
Reports Issued	Discussed at PAC (in meetings up to December 8, 2014)
Original report – January 2013	-

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, 2014

As shown in the table below, 2 of our 4 recommendations (1 of 2 for NPDC and 1 of 2 for the Department of Municipal Government) have been implemented as at June 30, 2014.

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	2	-	1	1	4

The Department does not intend to implement recommendation 2 because it believes the financial situation of individual entities could be misunderstood if the financial statements are viewed independently.

Below we list the recommendation that remains in progress and the recommendations that are considered cleared. To clarify the status of recommendation 3, we have added an “OAG comment”.

Work in progress

We recommended that:

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

Considered cleared

This follow-up 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 comment: The Department of Municipal Government advised that it reviewed the process by which comparable economic development organization in Winnipeg set salaries for the CEOs. 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.

Do not intend to implement

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.

13. 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 Jobs and the Economy 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 8, 2014)
Original report – January 2013	August 8, 2013 June 26, 2014 (Passed)

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, 2014

As shown in the following table, 11 of our 47 recommendations have been implemented as at June 30, 2014. BTT indicated that they do not intend to implement recommendation 14 (see OAG comment in the Considered cleared table below).

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	11	-	1	35	47

Given the value and sensitivity of much of the information located in the Province's systems, coupled with increasing security-related risks, we continue to stress the importance of information security management. As such, we are concerned about the slow pace in implementing our recommendations.

At the August 2013 Public Accounts Committee meeting, the Deputy Minister of Innovation, Energy and Mines stated that he had directed the department to make substantial progress on implementing the recommendations. He indicated that an independent third party had been engaged to assess the risks associated with our recommendations and to develop an implementation roadmap.

For 17 of BTT's 42 recommendations (flagged below with an asterisk), BTT provided the following statement: "This recommendation will be addressed over the course of a multi-year timeframe. An approach that balances day to day service delivery, resources, and initiatives that improve security management practices and controls is being followed."

We appreciate the need to prioritize and in this spirit reinforce the importance of Recommendation 2, which is included in the list of 17 deferred recommendations. The recommendation states: "That BTT complete, **on a priority basis**, a comprehensive IT risk assessment, which would include an assessment of IT security risks." Implementing this recommendation is critical as most of our other recommendations rely on the assessment of risk.

Below we list the recommendations that remain in progress and the recommendations that are considered cleared. To clarify the status of certain recommendations, we have added an "OAG comment".

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.
22. BTT develop logical access control requirements.
23. BTT develop and implement minimum physical security requirements for data centers. *

Work in progress (cont'd)

We recommended that:

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. *
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 security practices employed at the Department of Health data center.
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. *
35. BTT implement security patch management processes for databases and applications.
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. *
45. IPC document, track, and analyze all information security events and incidents. *
46. IPC routinely test information security incident management processes and make improvements as required. *
47. BTT implement a comprehensive DRP framework for critical IT services and systems.

OAG comment: In August 2014, BTT's Senior Management Committee approved the Information and Communication Technology (ICT) Disaster Recovery Framework and ICT Disaster Recovery Program Guidelines. As these documents were finalized after our June 30, 2014 cut-off, we will review them as part of our 2015 follow-up.

* included in list of 17 deferred recommendations.

Considered cleared

This follow-up 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 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 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 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 is actively monitored.
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 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.

Considered cleared (cont'd)

We recommended that:

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

14. 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 Family Services is now responsible for implementing our recommendations.

Summary of reports and PAC discussion dates	
Reports Issued	Discussed at PAC (in meetings up to December 8, 2014)
Original report – January 2013	October 30, 2013 November 26, 2013 June 26, 2014 (Passed)

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, 2014

As shown in the table below, as at June 30, 2014, 6 of our 25 recommendations have been implemented. As noted in the "Work in progress" table below, significant progress has been made towards implementing several other recommendations.

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	6	-	*	19	25

* The Department does not intend to implement certain aspects of recommendations 3.

The Department noted that it does 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.

Below we list the recommendations that remain in progress and the recommendations that are considered cleared. To clarify the status of certain recommendations, we have added an “OAG comment”.

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: Recommendation (a) and (c) are considered implemented.
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 licenses clearly communicate all legislated standards not being met.
OAG comment: The Department does not intend to implement 3a.
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.
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 5b.
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 implement 7a.
6. The Department develop processes to ensure that it does not issue initial or renewed licenses when departmental policy prohibits it, or issue initial licenses before it has received all the information the *Child Care Regulation* requires.
OAG comment: Management advised that this recommendation was implemented in November 2014. We will review documentation as part of our June 2015 follow up report.
10. The Department link the frequency of regular facility inspections and monitoring visits to underlying risk factors, such as facility inspection history and licenses type, and then ensure that all required visits are conducted.
12. The Department investigate all complaints that a family home provider is caring for more than 4 children (at any given time) without a license promptly, thoroughly, and in accordance with its recently revised policy for handling complaints about unlicensed facilities.

Work in progress (cont'd)

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.
14. The Department:
 - a. ensure that monitoring and enforcement activities are escalated when consecutive provisional licenses 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.
15. The Department implement structured, consistent and ongoing orientation and training processes for child care coordinators and their supervisors.
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.
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.
OAG comment: Management advised that this recommendation was implemented in November 2014. We will review documentation as part of our June 2015 follow up report.
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: 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: Management advised that recommendation 20b was implemented in November 2014. We will review documentation as part of our June 2015 follow up report.
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.

Work in progress (cont'd)

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.
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.
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

This follow-up 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

15. Manitoba eHealth Procurement of Contractors

Our recommendations are directed to the Winnipeg Regional Health Authority, and Manitoba eHealth.

Summary of reports and PAC discussion dates	
Reports Issued	Discussed at PAC (in meetings up to December 8, 2014)
Original report – January 2013	June 25, 2013 June 26, 2014 (Passed)

What our original report examined

Our audit objectives were to determine whether eHealth complied with its policies and procedures when hiring contractors and whether they were properly managing the contractors they hired.

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, 2014

As shown in the table below, all 10 recommendations have been implemented as at June 30, 2014.

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	10	-	-	-	10

Below we list our recommendations. To clarify the status of recommendation 1, we have added an “OAG comment”.

Considered cleared

This follow-up report – status as at June 30, 2014

Implemented/resolved

We recommended that:

1. eHealth:
 - a. formally document and approve all procurement procedures.
 - b. review procedures at least every 5 years.
OAG comment: Revised procurement policies and procedures indicate the requirement to review each policy at least every 5 years.
2. eHealth document the reasons for hiring contractors instead of using employees, and require a supervisor to review the decision.
3. eHealth strengthen their conflict-of-interest policy to require declarations to be completed and signed each year.
4. At least one more person, not directly involved in the project, help evaluate and select contractors to ensure the selection is unbiased.
5. eHealth explain the debriefing process to all unsuccessful contractors in writing.
6. eHealth improve its method of setting contract completion dates to ensure that they are obtainable.
7. eHealth follow their policies and procedures regarding changes to projects and obtain approvals prior to commencing additional work.
8. eHealth develop, document, and approve policies/procedures to:
 - a. mitigate the risks when contractors manage other contractors.
 - b. prohibit contractors from filling executive roles in eHealth.
9. eHealth formalize its process to track all payments for each contract and establish controls to ensure that contracts do not exceed budget.
10. eHealth develop clear procedures for when contractors are not able to enter time in eHealth's time-tracking system, such as when a contractor is working off site or a project is not coordinated through the Project Management Office.

16. Office of the Fire Commissioner

Our recommendations are directed to the Civil Service Commission, 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 8, 2014)
Original report – January 2013	October 30, 2013

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 vehicles 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, 2014

As shown in the table below, 1 of our 4 recommendations has been implemented as at June 30, 2014.

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	1	-	-	3	4

Below we list the recommendations that remain in progress and the recommendations considered cleared. To clarify the status of certain recommendations, we have added an “OAG comment”.

Work in progress

We recommended that:

2. The Special Operating Agency governance model be assessed, and revised if necessary.

OAG comment: IACS conducted a review of Special Operating Agencies' (SOA) oversight mechanisms. The IACS report, dated July 2013, included 7 recommendations to strengthen the SOA governance model including:

- *the need to institute functional reporting relationships of SOAs to departmental Executive Financial Officers (EFO).*
- *inclusion of SOAs in departmental comptrollership plans.*
- *management representations on controls.*

The Province's Comptrollership Framework document has been updated to include SOAs and their functional relationship to the departmental EFO's, including EFO oversight responsibilities. SOAs are currently developing comptrollership plans which are to be submitted to departmental EFO's for inclusion in departmental comptrollership plans.

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

OAG comment: The Civil Service Commission retained a consultant to undertake a review of the Public Interest Disclosure Act. The report on this review was completed in April 2014. We were told that the Government and Civil Service Commission are considering the report and formulating an implementation plan based on the recommendations.

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

OAG comment: IACS has completed audits on purchasing card processes and travel card and business travel account compliance and made a number of recommendations to improve the oversight role of the Procurement Services Branch and departments. In response, updated purchasing card policies and guidelines have been developed and communicated. Also, we were 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 EFO has reviewed the summary of their quarterly activity and must note any areas of concern and action plans for addressing.

Considered cleared

This follow-up 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 (IACS) had made recommendations for improvement to the comptrollership function and control environment at OFC. We indicated that we would be reviewing the status of IACS's recommendations when we followed-up on our recommendations. The July 2011 report on OFC included 57 recommendations. At its initial follow-up conducted in November 2012, IACS reported that 31 of the recommendations had been implemented by OFC. IACS has advised us that it subsequently received additional status updates from OFC which indicate that only 6 recommendations remain to be implemented (but these have not yet been verified by IACS).

17. 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 Labour & Immigration is now responsible for implementing our recommendations.

Summary of reports and PAC discussion dates	
Reports Issued	Discussed at PAC (in meetings up to December 8, 2014)
Original report – January 2013	October 9, 2013

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, 2014

As shown in the table below, 8 of our 13 recommendations have been implemented as at June 30, 2014.

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	8	-	-	5	13

Below we list the recommendations that remain in progress and the recommendations that are considered cleared. To clarify the status of certain recommendations, we have added an “OAG comment”.

Work in progress

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.
OAG comment: The Department has implemented 1(a) and (b).
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.
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.

Considered cleared

This follow-up 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 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.

Considered cleared (cont'd)

We recommended that:

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 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.
-

18. 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 8, 2014)
Original report – January 2013	August 8, 2013 June 26, 2014 (Passed)

What our original report examined

We examined whether expense policies were in place for senior management in 113 provincial agencies, boards and commissions to 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 recommendations. All of our reports are available at our website: oag.mb.ca

Status of our recommendation as at June 30, 2014

The Treasury Board Secretariat (TBS) has not yet implemented our recommendation.

Review date See Review comments on page 7	Recommendations considered cleared			Work in progress	Total
	Implemented/ resolved	Action no longer required	Do not intend to implement		
June 30, 2014	-	-	*	1	1

* The TBS has indicated that it does not intend to implement the full recommendation. See the “OAG comment” below.

Below we list our recommendation. To clarify the status of the recommendation we have added an “OAG comment”.

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 GMA or applicable legislation.

OAG comment: The Treasury Board Secretariat is in the process of identifying agencies, boards and commissions that have the legislative authority to develop their own policies. TBS has indicated that it does not intend to implement this recommendation with respect to these organizations. As a result, the senior management expense policies for these organizations may continue to vary significantly from each other and the GMA.

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