



**Auditor General**  
MANITOBA

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Report to the Legislative Assembly

# **Follow-up of Recommendations**

Independent Audit Report

Website Version



March 2020

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**Auditor General**  
MANITOBA

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March 2020

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

Honourable Ms. Driedger:

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

Respectfully submitted,

**Original Signed by:**  
**Tyson Shtykalo**

Tyson Shtykalo, CPA, CA  
Deputy Auditor General

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**Deputy  
Auditor General's  
comments**

Website Version





## Deputy Auditor General's comments

In this report, we present the status of 180 recommendations as at September 30, 2019. Our Office issued these recommendations between January 2016 and October 2018. We follow-up the status of recommendations for three consecutive years, beginning about 18 months after issuance.

I recognize some of our recommendations can be difficult and time consuming to implement. The effort to implement the recommended changes must be made amid competing priorities. For example, for many years we recommended that the government focus on summary financial reporting in order to improve accountability over all government resources. I am pleased that the government has taken the final steps in achieving this large initiative by implementing our recommendation to eliminate reporting on the core government within budget documents and the Public Accounts.



Despite the implementation of some significant recommendations, I am concerned with the implementation rate of recommendations. This is the third and final follow-up for 66 of 180 recommendations. We found only 24—or 36%—of these 66 recommendations have been implemented. I believe an 85% implementation rate after three years is reasonable and achievable.

I encourage the Public Accounts Committee to actively monitor the status of outstanding recommendations that it judges as significant and hold government departments and Crown organizations accountable for their respective commitments to improvement.

I would like to thank public servants for their cooperation and assistance, and for providing progress reports and support documentation during our follow-up process.

I would especially like to thank all the audit teams for their excellent work.

**Original Signed by:**  
**Tyson Shtykalo**

Tyson Shtykalo, CPA, CA  
Deputy Auditor General

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## Follow-up of recommendations 2020

The follow-up process helps the Public Accounts Committee keep government departments and Crowns accountable for implementing our recommendations

Number of years we follow up on recommendations:  
**3**

First review scheduled about 18 months after a report is released

85%: What we believe is a reasonable implementation rate after 3 years

**180** recommendations followed up in this report, made between Jan 2016 and Oct 2018

Third and final follow-up:

**66**  
recommendations

**36%**  
implemented

Second follow-up:

**72**  
recommendations

**23%**  
implemented

First follow-up:

**42**  
recommendations

**12%**  
implemented

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# Follow-up process

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Our office follows up on the status of the recommendations made in past reports and whether they have been implemented. These recommendations target the areas where our audits found that improvements were needed. Following up on the status of these recommendations provides a continued focus on program performance and ensures the performance issues discussed in our reports are resolved.

A follow-up is scheduled about 18 months after an audit report is released, and annually thereafter for two more years (for a total of three years). We request status updates as of September 30th from departments and management.

### Status categories

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

#### **Implemented/resolved**

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

#### **Action no longer required**

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

#### **Do not intend to implement**

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

#### **Work in progress**

Management is taking steps to implement our recommendation.

When the status update is received, we review the information to determine whether the actions taken resolve the issues identified in the report and addressed in the recommendation. For recommendations the departments and management assessed as implemented, we substantiated the assessment through interviews and examination of documentation. For recommendations where management has told us they do not intend to implement or action is no longer required, we review the rationale provided and include it in the report. We continue to follow-up on these recommendations by inquiring whether the department or management has reconsidered its position on these recommendations. We do not re-perform audit procedures from the original audit.

## Report format

This report includes 12 follow-up reports. We have organized the follow-up reports into three sections:

- Third and final follow-up review
- Second follow-up review
- First follow-up review

For each follow-up report, we identify the department or entity responsible for implementing our recommendations. The Public Accounts Committee (PAC) uses this information to identify the appropriate witnesses to call to their meetings.

The follow-up reports include a chart indicating the current implementation status of our recommendations as at September 30, 2019, as well as tables listing all the recommendations made, organized by implementation status.

For select recommendations we have added an "OAG comment" to clarify implementation status and/or to highlight select actions or planned actions.

OAG comments included in prior follow-up reports for recommendations considered implemented/resolved at that time are reprinted in this report.





# Implementation status

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## Implementation status

In this report we note the implementation status of 180 recommendations issued between January 2016 and October 2018. As detailed in **FIGURE 2**, we report the following implementation rates:

Recommendations subject to:	Total	Implemented/resolved	Action no longer required	Do not intend to implement	Work in progress
Third and final follow-up	66	24	5	3	34
Second follow-up	72	17	–	2	53
First follow-up	42	5	3	3	31
<b>Total</b>	<b>180</b>	<b>46</b>	<b>8</b>	<b>8</b>	<b>118</b>

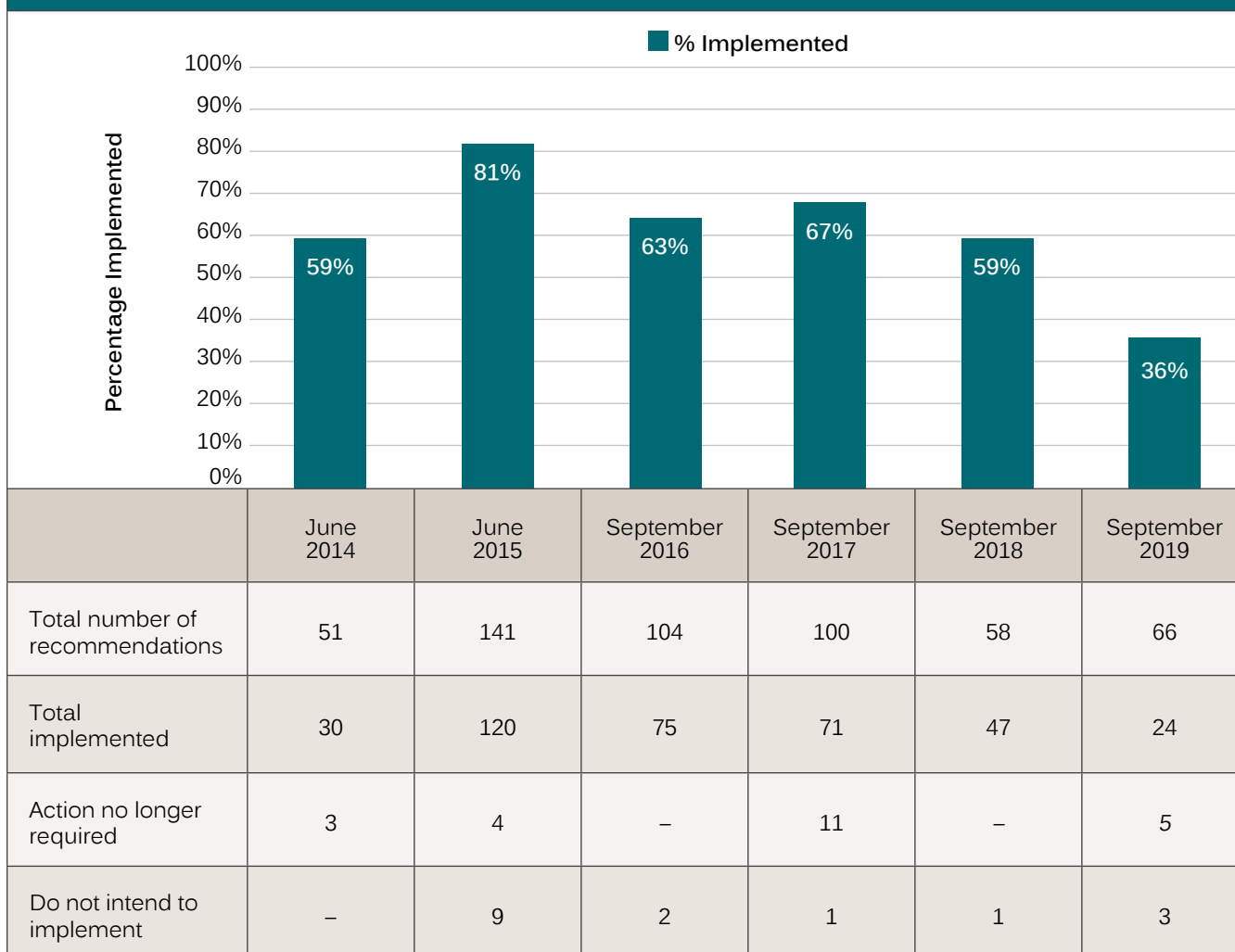
### 85% OF RECOMMENDATIONS IMPLEMENTED AFTER THREE YEARS WOULD INDICATE REASONABLE ACCEPTANCE AND PROGRESS

Many factors must be considered when assessing the progress and implementation of our recommendations. For example, the complexity of the recommendation, operating priorities of the entity, significance of the underlying issues, resourcing implications, and capacity of the entity. We typically do not comment on the overall progress made by an entity after the first and second follow-ups. We believe that three years is a sufficient amount of time to implement the recommendations included in a performance audit report. To this end, a rate of 85% of recommendations implemented would indicate reasonable acceptance and progress by the audited entities.

### LESS THAN HALF OF THIRD-YEAR RECOMMENDATIONS IMPLEMENTED

In **FIGURE 1** we present a six-year summary of the implementation rates after our third follow-up. It shows that, except for 2015, these implementation rates were well below 85%. We note that as at September 2019, an implementation rate of only 36% was achieved.

Figure 1: Implementation rate for recommendations included in third follow-up



## HOLDING ENTITIES ACCOUNTABLE FOR THEIR COMMITMENTS

We strive to influence public sector performance through impactful audit work and reports. The value or impact of our audits can be assessed in part by the perceived usefulness of the information we provide the Legislature on the adequacy of an audited entity's management practices. This information helps the Legislature hold these government organizations accountable for the use of public resources entrusted to them. In addition, our audits provide the desired positive impact when they influence entities to improve their practices. Our recommendations are designed to guide entities in this regard.

Government departments and Crown organizations are accountable to the PAC for the implementation of recommendations. The PAC can, through its follow-up of the implementation status of recommendations, bring to bear the full authority of the Legislative Assembly to ensure departments do what is needed to properly address the issues underpinning each of our recommendations. The full impact of our audit

recommendations is achieved when the PAC and our office hold the audited entities to account for the implementation. Because our recommendations are an indicator of potential impact, recommendations left unimplemented represent lost potential.

**STATUS OF IN-PROGRESS RECOMMENDATIONS AFTER OUR THIRD FOLLOW-UP IS UNKNOWN**

We adopted our three-year follow-up approach in 2014. The table below shows the number of in-progress recommendations after our third and final follow-up since that time. We continue to encourage the PAC 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 three years and for which we do not intend to continue following up.

Follow-up report	# of recommendations in progress at year three
2014	66
2015	4
2016	13
2017	36
2018	31
2019	23
2020	34

Figure 2: Implementation status, as at September 30, 2019

Report	Total recommendations	Implemented/resolved	Action no longer required	Do not intend to implement	Work in progress
<b>Third and final follow-up review</b>					
<b>January 2016</b>					
Improving Educational Outcomes for Kindergarten to Grade 12 Aboriginal Students	19	5	–	1	13
<b>July 2016</b>					
Management of Provincial Bridges	20	10	–	–	10
<b>September 2016</b>					
Keyyask Process Costs and Adverse Effects Agreements with First Nations	3	2	–	–	1
Manitoba East Side Road Authority	24	7	5	2	10
<b>Third follow-up review total</b>	<b>66</b>	<b>24 (36%)</b>	<b>5 (8%)</b>	<b>3 (5%)</b>	<b>34 (51%)</b>
<b>Second follow-up review</b>					
<b>April 2017</b>					
Management of MRI Services	52	11	–	–	41
<b>July 2017</b>					
Management of Manitoba's Apprenticeship Program	20	6	–	2	12
<b>Second follow-up review total</b>	<b>72</b>	<b>17 (24%)</b>	<b>–</b>	<b>2 (3%)</b>	<b>53 (73%)</b>

Figure 2: Implementation status, as at September 30, 2019

First follow-up review					
<b>October 2017</b>					
Managing Climate Change	8	1	-	-	7
<b>August 2018</b>					
Public Accounts and Other Financial Statement Audits	1	1	-	-	-
<b>October 2018</b>					
eChart Manitoba	15	1	1	3	10
<b>October 2018</b>					
Pharmacare: Special Audit of Financial Irregularities and Controls	5	1	-	-	4
Thompson District Office: Special Audit of Missing Licences and Cash Management Practices	5	-	-	-	5
Rural Municipality of De Salaberry: Audit of Financial Irregularities	8	1	2	-	5
<b>First follow-up review total</b>	<b>42</b>	<b>5 (12%)</b>	<b>3 (7%)</b>	<b>3 (7%)</b>	<b>31 (74%)</b>
<b>Grand Total</b>	<b>180</b>	<b>46 (26%)</b>	<b>8 (4%)</b>	<b>8 (4%)</b>	<b>118 (66%)</b>

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# Third and final follow-up review

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Keeyask Process Costs and Adverse Effects Agreements with First Nations .....	33
Manitoba East Side Road Authority .....	36

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# Improving Educational Outcomes for Kindergarten to Grade 12 Aboriginal Students

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

Summary of reports and PAC discussion dates	
Reports issued	Discussed at PAC (in meetings up to December 4, 2018)
Original report – January 2016	August 17, 2016 (Passed)
First follow-up – March 2018	–
Second follow-up – March 2019	–

## What our original report examined

Aboriginal students' educational outcomes can be affected by factors outside the control of Manitoba's provincial school system. For example, students may find it more difficult to succeed academically if they and their families face housing, health, financial, and other challenges associated with poverty. Manitoba's education system must nonetheless strive to meet the educational needs of Aboriginal students.

The Department of Education (the Department) is responsible for ensuring all children in Manitoba have access to an appropriate, relevant, and high quality Kindergarten to Grade 12 (K-12) education.

We examined whether the Department effectively:

- planned, monitored, and reported on its K-12 Aboriginal education initiatives and efforts to improve educational outcomes for Aboriginal students.
- supported the delivery of Aboriginal education initiatives in school divisions and schools with targeted funding, assistance to help smooth student transitions from on-reserve to provincial schools, and teacher resources and 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](http://oag.mb.ca)

## Status of recommendations as at September 30, 2019

As shown in the table below, five of our 19 recommendations have been implemented as at September 30, 2019.

Status date	Implemented/ resolved	Action no longer required	Do not intend to implement	Work in progress	Total
September 30, 2019	5	–	1	13	19

The Department of Education has chosen not to implement Recommendation 17. Recommendation 17 deals with the Department issuing guidance for developing education agreements that support First Nations students transitioning from on-reserve to provincial schools. The Department told us there is no demand from either First Nations or school divisions for guidance on developing education agreements that support First Nations students transitioning from on-reserve to provincial schools. They also noted that should interest arise in the future, the Department will provide guidance and support in developing education agreements.

This is the third and final year for following up on the recommendations from the audit of *Improving Education Outcomes for Kindergarten to Grade 12 Aboriginal Students*. We have prepared the following table summarizing when recommendations were considered as implemented, action no longer required and do not intend to implement. Recommendations viewed as implemented are excluded from subsequent follow-ups.

Timing of recommendations where no further follow-up is required			
Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	2	–	1
March 2019	1	–	–
March 2018	2	–	1*
<b>Total</b>	<b>5</b>	<b>–</b>	<b>1</b>

\* Recommendation 5 was reported as Do Not Intend to Implement in our 2018 follow-up report, but the Department has since reconsidered and is working on implementing the recommendation.

Below we list the status of all recommendations. For certain recommendations we have added an "OAG comment" to clarify implementation status or to highlight select actions or planned actions.

## Work in progress

### We recommended that:

1. The Department adopt a unified and coordinated approach to improving educational outcomes for K-12 Aboriginal students, ensuring that it engages all key partners and prevents any unnecessary duplication of effort across the Province's different plans and initiatives.

**OAG comment:** *In 2017 and 2018 the Department led Indigenous education roundtable consultations. These consultations gave stakeholders an opportunity to express their vision, perceived barriers, solutions and recommendations related to Indigenous education. The Department advises that it has established a cross-divisional team to ensure a unified systemic approach but it has not adopted a provincial, unified and coordinated approach to prevent any unnecessary duplication of efforts across the Province.*

3. The Department ensure that its implementation plan for improving educational outcomes for K-12 Aboriginal students is based on a comprehensive understanding of the related key initiatives already underway in government departments and school divisions, both to avoid possible duplication of effort and to identify gaps where additional supports are needed.

**OAG comment:** *The Department advises that its staff routinely provide input on specific government-wide initiatives and identify opportunities to work collaboratively with other departments. The Department advises that it plans to continue to work in collaboration with other departments to avoid duplication of efforts. We note that the Department does not have an implementation plan nor have steps been taken to identify initiatives already underway in other departments.*

4. The Department identify the key barriers to success faced by Aboriginal students in Manitoba, assess whether each of these barriers and the Department's objectives and intended outcomes for Aboriginal students are being sufficiently addressed by current initiatives, and take steps to remedy gaps.

**OAG comment:** *In 2017 and 2018 the Department led Indigenous education roundtable consultations. These consultations gave stakeholders an opportunity to express their vision, perceived barriers, solutions and recommendations related to Indigenous education. The Department has not taken steps to ensure that its objectives and intended outcomes for Indigenous students are sufficiently addressed by current initiatives nor has it taken steps to remedy identified gaps.*

## Work in progress

5. The Department set specific and measurable short- and long-term targets for improving educational outcomes for K-12 Aboriginal students.

**OAG comment:** *The Department has set both short and long-term targets for students broadly, but has not set any targets specifically for improving educational outcomes for K-12 Indigenous students.*

6. The Department align the total funding for improving educational outcomes for K-12 Aboriginal students with the Department's stated goals, objectives, intended outcomes, and targets for these students.

**OAG comment:** *In 2019 the Department established a nine-member committee to review the K-12 education system as a whole. The Department advises that this commission conducted a large consultation of stakeholders. The Department further noted that upon the release of the commission's report (expected in February 2020) the Department will take steps to ensure the total funding for improving educational outcomes for K-12 Indigenous students is aligned with its stated goals, objectives, intended outcomes, and targets for these students.*

7. The Department monitor and report on the results of key initiatives related to improving educational outcomes for K-12 Aboriginal students using quantified output and outcome measures (whenever possible), and that it regularly review and update its implementation plans to reflect what is found to be effective.

**OAG comment:** *The Department has not taken steps to monitor and report on the results of key initiatives related to improving educational outcomes for K-12 Indigenous students using quantified output and outcome measures (whenever possible).*

8. The Department conduct more evidence-based evaluations of the programs and projects designed to improve educational outcomes for K-12 Aboriginal students, and use the results to inform planning and funding decisions.

**OAG comment:** *The Department advises that it is continuing to improve its own analytical capabilities, data collection and analysis to make more, and better, evidenced-based decisions that will help to improve educational outcomes for K-12 Indigenous students.*

## Work in progress

11. The Department analyze Aboriginal student achievement data by school division in order to identify those with better results and the underlying successful practices that could be applied more broadly across all divisions.

**OAG comment:** *The Department analyzed provincial student achievement data to identify the 10 schools in Manitoba that would benefit the most from targeted departmental support for Indigenous learners. But the Department has not analyzed the data to identify those with better results and the underlying successful practices that could be applied more broadly across all divisions.*

14. The Department allocate Aboriginal education funding to school divisions where it is most needed, using a process that considers measured outcomes for Aboriginal student achievement and the estimated Aboriginal student population.

**OAG comment:** *In 2019 the Department established a nine-member committee to review the K-12 education system. The Department advises that upon the release of the commission's report (expected in February 2020) it will take steps to ensure that funding for improving educational outcomes for K-12 Indigenous students align with the Department's stated goals, objectives, intended outcomes and targets for these students.*

15. The Department communicate all Aboriginal Academic Achievement (AAA) and Building Student Success with Aboriginal Parents (BSSAP) funding requirements to school divisions, and that it demonstrate through a documented review that all requirements are met before funding is released.

**OAG comment:** *Since the time of our audit there has been no communication regarding all Indigenous Academic Achievement (IAA) and Building Student Success with Indigenous Parents (BSSIP) funding requirements to school divisions. We examined three reviews done by Department staff for both IAA grants and BSSIP grant. For the three IAA grant reviews we found that none met both of the two required criteria, yet the funding was released. In reviewing four BSSIP grant reviews we found that three were noted as meeting the criteria.*

## Work in progress

16. The Department issue guidance detailing best practices for achieving successful transitions for First Nations students.

**OAG comment:** *In 2017 and 2018 the Department led Indigenous education roundtable consultations. These consultations included discussions on transitions for Indigenous students throughout K-12. The Department advises that the Indigenous Education Roundtable recommendations are being reviewed by the Department and will be assessed in light of the recommendations that are anticipated from the committee's review of the K-12 education system.*

18. The Department promote use of its Manitoba Professional Learning Environment (MAPLE) website to share resources and practices found to be effective in improving educational outcomes for K-12 Aboriginal students.

**OAG comment:** *The Department has placed a banner ad on the MAPLE webpage to inform users of the Indigenous Education group on MAPLE. However, no steps have been taken to promote the use of MAPLE or to direct teachers to this tool to share resources and practices found to be effective in improving educational outcomes for K-12 Indigenous students.*

19. The Department develop a process to ensure that all curricula documents include ideas to help teachers incorporate Aboriginal perspectives into lesson plans and teaching methods.

**OAG comment:** *The Department advises that it has put forward a proposal for the development of a new K-12 Curriculum Framework to help guide and ensure that Indigenous perspectives will be embedded across any new or revised curricula. However the Department has not developed a process to ensure that all curricula documents include ideas to help teachers incorporate Indigenous perspectives into lesson plans.*



## Implemented/resolved

### This follow-up report – status as at September 30, 2019

#### **We recommended that:**

2. The Department provide leadership and develop mechanisms to ensure a greater focus on planning and implementing initiatives to improve educational outcomes for K-12 Aboriginal students, and that it clearly define and communicate responsibilities and accountabilities for achieving results to all parties, including the Directorate and school divisions.

**OAG comment:** *The Department has not formally communicated the role of the Indigenous Inclusion Directorate to school divisions.*

13. The Department take steps to ensure that all schools give parents an annual opportunity to declare their children's Aboriginal identity.

### March 2019 report – status as at September 30, 2018

#### **We recommended that:**

10. The Department disaggregate and analyze Aboriginal student achievement data by First Nation, Métis, and Inuit student identifiers to better understand trends and to develop appropriate student supports.

### March 2018 report – status as at September 30, 2017

#### **We recommended that:**

9. The Department regularly monitor performance data showing the level of progress being made towards all of its publicly stated intended outcomes for K-12 Aboriginal students and that it share this data with those accountable for achieving results.
12. The Department publicly report annual measured results showing its progress in achieving its stated goals and intended outcomes for K-12 Aboriginal students.

Do not intend to implement

This follow-up report – status as at September 30, 2019

**We recommended that:**

17. The Department issue guidance to help school divisions and First Nations develop education agreements that support First Nations students transitioning from on-reserve to provincial schools.

Our recommendations are directed to the Department of Infrastructure.

Summary of reports and PAC discussion datesz	
Reports issued	Discussed at PAC (in meetings up to December 4, 2018)
Original report – January 2016	September 15, 2016 (Passed)
First follow-up – March 2018	–
Second follow-up - March 2019	–

## What our original report examined

The Department of Infrastructure (the Department) manages about 3,000 bridges and large bridge-sized culverts on the Provincial road and water control networks. We examined the Department's management of these structures, including its processes for:

- Inspecting bridges and large culverts, and implementing related maintenance recommendations.
- Bridge inventory planning and performance reporting.
- Ensuring quality assurance in bridge construction.

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](http://oag.mb.ca)

## Status of recommendations as at September 30, 2019

As shown in the table below, 10 of our 20 recommendations have been implemented as at September 30, 2019.

Status date	Implemented/ resolved	Action no longer required	Do not intend to implement	Work in progress	Total
September 30, 2019	10	*	–	10	20

\* Action is no longer required on Recommendation 15(c).

In our *March 2018 Follow-up report*, the Department advised that Recommendation 15(c) is no longer required as there is no longer a five-year capital investment commitment. We noted the Department now reports capital expenditures on bridges and other structures.

This is the third and final year for following up on the recommendations from the audit of *Management of Provincial Bridges*. We have prepared the following table summarizing when recommendations were considered as implemented, action no longer required and do not intend to implement. Recommendations viewed as implemented are excluded from subsequent follow-ups.

Timing of recommendations where no further follow-up is required			
Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	5	–	–
March 2019	5	–	–
March 2018	–	–	–
<b>Total</b>	<b>10</b>	<b>–</b>	<b>–</b>

Below we list the status of all recommendations. For certain recommendations we have added an "OAG comment" to clarify implementation status or to highlight select actions or planned actions.

## Work in progress

### We recommended that:

1. The Department review and update its bridge inspection policy so that it is comprehensive, risk-based, and reflects intended Department practice.

**OAG comment:** *The Department has completed their review of the bridge inspection policy. They have retained an external service provider which has reviewed policies in other jurisdictions and is assisting them to update their policy.*

2. The Department identify all the bridges and large culverts that the Province is responsible for and ensure they all receive Level 1 and Level 2 inspections in accordance with risk-based inspection frequency standards.

**OAG comment:** *The Department has reconciled their inventory systems and included all of the structures from the Highway and Water control networks. They have completed inspections on all the structures in their inventory in accordance with their standards. The Department has indicated it will engage other departments and conservation districts to identify all the bridges and culverts that the Province is responsible for, which includes clarifying roles and responsibilities.*

4. The Department improve the consistency and quality of bridge element ratings and inspection documentation, and that it assess whether more guidance, training, photographs, and supervisory review are needed to achieve this.

**OAG comment:** *The Department has developed standard naming conventions for structure elements, defect types and cost estimates. They have implemented more guidance and supervisory review functions throughout the inspection process. They have not yet finalized their assessment of training requirements for inspectors.*

5. The Department improve the appropriateness and pricing of all bridge inspectors' maintenance recommendations, and that it assess whether additional guidance, training, supervisory review, and centralization are needed to achieve this.

**OAG comment:** *The Department has developed standard naming conventions for structure elements, defect types and cost estimates. They have implemented more guidance and supervisory review functions throughout the inspection process. They have not yet finalized their assessment of training requirements for inspectors.*

## Work in progress

6. The Department verify that all internal and external bridge inspection staff have the training and experience the Department currently requires them to have, and that it assess if currently required training adequately meets its needs.

**OAG comment:** *The Department has verified all internal and external inspectors meet the training and experience requirements that they currently have. The Department has not yet finalized their assessment of training requirements for inspectors.*

8. The Department develop risk-based and documented management processes to monitor the quality of all inspectors' fieldwork and inspection reports, and that it assess the feasibility of obtaining documentation that would allow it to place some reliance on the quality assurance processes it requires all external service providers to have in place.

**OAG comment:** *The Department has developed processes to monitor the quality of inspector's fieldwork and inspection reports including reasonable reliance of External Service Provider QA processes. The Department has developed and implemented processes as part of its operations and is working on a document to formalize these processes for staff.*

9. The Department strengthen management oversight of bridge inspectors' recommendations by developing systems and processes that let senior engineering staff:
  - a. track recommendations through to final disposition.
  - b. monitor and approve staff decisions to waive inspectors' recommendations, or to alter inspectors' recommended timeframes for implementing recommendations, after considering documented reasons for such decisions.
  - c. monitor whether scheduled work is completed on time.
  - d. monitor the total amount of deferred basic maintenance, as well as deferred rehabilitation or replacement work, considered necessary.

**OAG comment:** *Senior engineering staff are able to monitor maintenance recommendations presented by inspectors and maintenance decisions are able to be tracked through to final disposition. They have begun to calculate the total amount of deferred maintenance, but this is not yet complete.*

## Work in progress

12. The Department provide integrated summary information on all Provincial bridges and large culverts in its road and water-infrastructure capital budget requests to Treasury Board, and that this include:
  - a. the total capital spending proposed for bridges and large culverts, plus the percentage proposed for new structures versus rehabilitation or replacement of existing structures.
  - b. the dollar amount of maintenance, rehabilitation, and replacement work that it considers necessary, but has deferred, and the number of affected structures.
  - c. measured trends in the condition of the bridge inventory, including changes in the Bridge Condition Index and the percentage of structures in poor condition.

**OAG comment:** *The Department has begun providing more complete information to Treasury Board. While they have started to determine the amount of deferred maintenance and trends in the condition of their bridge inventory, this information has not yet been communicated to Treasury Board. They have committed to meeting with Treasury Board to determine what additional information is necessary to report.*

14. The Department set a specific and measurable target for the condition of its bridge inventory.

**OAG comment:** *The Department has committed to developing specific and measurable targets for the condition of its bridge inventory. They have accumulated data to determine trends in the condition of its bridge inventory. They plan to do a review of targets in other jurisdictions to assist in determining what the final targets will be for Manitoba.*

15. The Department ensure that the bridge-related information in its annual public report is accurate and that it include:
  - a. a measure of the overall condition of Provincial bridges, and whether the condition is improving, declining, or stable.
  - b. the percentage of required Level 1 and Level 2 bridge inspections completed.
  - c. progress in meeting the Province's commitment to invest over \$700M in bridges over five years.

**OAG comment:** *The Department has implemented 15(b) and no further action is required for 15(c). With respect to (a), the Department has determined an overall condition for their inventory, and has determined some trends, but it has not been included in their annual report.*

## Implemented/resolved

### This follow-up report – status as at September 30, 2019

#### **We recommended that:**

13. The Department annually measure and monitor the percentage of required Level 1 and Level 2 inspections actually completed and the overall condition of its bridge inventory.
17. The Department require staff to track all required bridge submittals using standardized logs that show due dates, waived submittals and their rationale, receipt dates for all originally submitted and re-submitted information, review comments, identified concerns and their resolution, and approval dates.
18. The Department require supervisors to regularly review bridge submittal logs and a sample of related submittals to ensure staff are tracking and handling submittals appropriately.
19. The Department ensure that its bridge construction inspectors receive documented notice of all submittals that are outstanding or unapproved at their due dates so that they can decide if construction needs to be delayed until this is rectified.
20. The Department require its bridge construction inspectors to use the bridge-construction inspection checklists it has developed.

### March 2019 report – status as at September 30, 2018

#### **We recommended that:**

3. The Department amend its process for selecting external service providers to include an assessment of any recent experience with their bridge inspection work.
7. The Department track scheduled bridge inspection dates so that it will know when related inspection reports are due, and follow-up promptly on all overdue reports.
10. The Department use documented risk considerations and Bridge Condition Index information to support its capital planning decisions for bridges and large culverts.
11. The Department ensure that its bridge inventory system has all the information needed to maximize use of the Department's planned bridge management system.
16. The Department periodically review and update the submittals required in its bridge construction specifications to ensure they are current and reflect better practices.



# Keeyask Process Costs and Adverse Effects Agreements with First Nations

Our recommendations are directed to Manitoba Hydro.

Summary of reports and PAC discussion dates	
Reports issued	Discussed at PAC (in meetings up to December 4, 2018)
Original report – September 2016	May 16, 2018 (Passed)
First follow-up report – March 2018	May 16, 2018 (Passed)
Second follow-up – March 2019	–

## What our original report examined

Manitoba Hydro (Hydro) development projects can adversely impact First Nations communities. As a result, discussions are held with First Nations to identify potential impacts. These discussions can result in changes to the Hydro development project and to payments to the First Nations where adverse impacts are identified.

Payments to First Nations can be made for process costs and for adverse effects. Process cost payments are intended to reimburse First Nations for the costs incurred to negotiate a partnership agreement with Hydro. As part of the negotiations process, Hydro and First Nations identify adverse effect on communities. Adverse effects agreements include programs to mitigate or offset the effects.

Our audit objectives were:

- To determine whether Keeyask process cost are reimbursed in accordance with Hydro's approved policies.
- To determine whether Hydro was properly monitoring compliance with key provisions of the 4 Keeyask adverse effects agreements and the Ratification Protocol.
- To determine if Hydro met its financial obligations for each of the 4 Keeyask adverse effects agreements.

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](http://oag.mb.ca)

## Status of recommendations as at September 30, 2019

Status date	Implemented/ resolved	Action no longer required	Do not intend to implement	Work in progress	Total
September 30, 2019	2	–	–	1	3

This is the third and final year that we will follow up on the recommendations from the audit of *Keeyask Process Costs and Adverse Effects Agreements with First Nations*. We have prepared the following table summarizing when recommendations were considered as implemented, action no longer required and do not intend to implement. Recommendations viewed as implemented are excluded from subsequent follow-ups.

Timing of recommendations where no further follow-up is required			
Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	–	–	–
March 2019	1	–	–
March 2018	1	–	–
<b>Total</b>	<b>2</b>	<b>–</b>	<b>–</b>

Below we list the status of all recommendations. For certain recommendations we have added an "OAG comment" to clarify implementation status or to highlight select actions or planned actions.

### Work in progress

**We recommended that:**

3. Any future ratification protocol include a mechanism to provide all parties to the agreement with independent assurance that agreed to procedures were adhered to in all significant respects.

**OAG comment:** *Management advised that no project ratification protocol agreements have been entered into since the audit.*

### Implemented/resolved

#### March 2019 report – status as at September 30, 2018

**We recommended that:**

2. Hydro conduct periodic risk assessments for each First Nations and tailor claim review procedures accordingly.

#### March 2018 report – status as at September 30, 2017

**We recommended that:**

1. Hydro require certification that expenses were paid and, for significant expenses, require proof of payment.

**OAG March 2018 comment:** *The certification statement required still states that amounts were incurred and has not changed to ensure that expenses were paid. However, the Reimbursement Policy was changed to state that amounts be "paid or will be paid" and now requires receipts to support all expenses.*

Our recommendations are directed to the Department of Infrastructure.

Summary of reports and PAC discussion dates	
Reports issued	Discussed at PAC (in meetings up to December 4, 2018)
Original report – September 2016	May 25, 2017 (Passed)
First follow-up – March 2018	–
Second follow-up – March 2019	–

## What our original report examined

Manitoba East Side Road Authority (ESRA) was mandated to construct and maintain the East Side Road Project (the project) and ensure that the construction was carried out in a manner that provided increased benefits for east side communities.

Once completed, the project would replace the region's winter road network with over 1,000 km of gravel surfaced roads and water crossings connecting 13 communities. It was projected to cost \$3 billion over 30 years.

To act on its mandate of ensuring the project provided increased benefits, ESRA developed an Aboriginal Engagement Strategy (AES). This strategy included the signing of Community Benefits Agreements (CBAs) with Indigenous Communities. Benefits provided by CBAs included training and mentoring by ESRA, as well as access to untendered pre-construction work contracts. Untendered contracts for pre-construction work were awarded to newly established community owned construction corporations (community corporations) which were created as a requirement of the CBA.

Benefits to the east side communities were also provided through ESRA's tendered construction contracts. Tendered contracts made up a majority of the construction costs of the project and included benefits to communities in the form of local procurement, employment and training opportunities. The benefits provided under the AES represented approximately 35% of the overall road construction cost.

We examined whether ESRA adequately managed the AES, and whether it had effective processes for ensuring compliance with the requirements of the Community Benefits and related agreements.

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](http://oag.mb.ca)

## Status of recommendations as at September 30, 2019

On May 27, 2016 the Manitoba Government announced the dissolution of ESRA and transferred its operations to Manitoba Infrastructure (MI) and on June 2, 2017, *The Manitoba East Side Road Authority Act* was repealed. While the recommendations included in the report were originally directed to ESRA, we believe that they would be equally valuable to MI if it continued to manage the East Side Road Project using the same framework.

In conducting this follow-up, MI advised us of the following matters regarding the integration of ESRA operations into MI:

- The Aboriginal Engagement Strategy is no longer in force. As a result:
  - MI is applying their mandatory clause for Indigenous involvement for construction near Indigenous communities. The percentage, which varies depending on the construction ability of the community, averages about 10%.
  - MI will no longer be assessing the ongoing viability of the community corporations.
- The CBAs continue to be in force, but MI advised that it is exploring alternative delivery models to achieve their goal of economic development in the region. In the meantime, as a result of the lack of any new planned construction projects, and in consultation with the Chiefs of the communities with construction work currently underway:
  - MI suspended acting on the provisions related to:
    - Including a capacity building allowance on untendered pre-construction contracts.
    - Providing training.
    - Providing mentoring
      - > MI will not require joint venture partners to provide mentoring, preferring to leave it up to the community corporations to ensure they get what they need from their joint venture agreements.
      - > MI will limit its mentoring to advice regarding financial accounting and will consider opportunities to have some level of training and mentoring in consultations with each community and as part of actual construction work.
      - > MI will provide advice in establishing a plan for an equipment maintenance program upon request.

Given that MI, in consultation with the Indigenous communities, has not yet decided on a service delivery model to replace the ESRA model, the potential applicability of many of our recommendations remain unresolved. These are reflected below as "work in progress".

As shown in the table below, seven of our 24 recommendations have been implemented as at September 30, 2019. Five recommendations have been classified as Action no longer required due to changes in how the East Side Road Project is being managed.

Status date	Implemented/ resolved	Action no longer required	Do not intend to implement	Work in progress	Total
September 30, 2019	7	5	2	10	24

As in 2018, Recommendations 4 and 5 remain categorized as do not intend to implement. These recommendations addressed determining the total amount of allowances distributed to date and assessing how the community corporations benefitted from the allowances. MI indicated that it would be too expensive, time consuming, and very difficult to determine what, if any, value the capacity building allowance achieved. They further noted that gathering the information to fulfill these recommendations would be significantly problematic as the key ESRA staff involved are no longer available and some of the community owned construction companies have closed down. We continue to support the value of Recommendations 4 and 5 but acknowledge the logistical challenge noted by the Department. This highlights the need for strong oversight, management, and record keeping processes when implementing public policy initiatives.

This is the third and final year that we will follow up on the recommendations from the audit of *Manitoba East Side Road Authority*. We have prepared the following table summarizing when recommendations were considered as implemented, action no longer required and do not intend to implement. Recommendations viewed as implemented are excluded from subsequent follow-ups.

Timing of recommendations where no further follow-up is required			
Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	–	–	–
March 2019	1	1	-
March 2018	6	4	2
<b>Total</b>	<b>7</b>	<b>5</b>	<b>2</b>

Below we list the status of all recommendations. For certain recommendations we have added an “OAG comment” to clarify implementation status or to highlight select actions or planned actions.

## Work in progress

### We recommended that:

2. ESRA conduct comprehensive risk assessments for all aspects of their operations including but not limited to:
  - The Aboriginal Engagement Strategy.
  - Community Benefits Agreements in general, and specific to each First Nation.

**OAG comment:** *The Aboriginal Engagement Strategy is no longer in place. As a result this recommendation now only relates to the CBAs.*

6. ESRA determine the extent and nature of mentoring provided by joint venture partners and other subcontractors, and whether any compensation provided through the capacity building allowance is reasonable.
11. ESRA develop mentoring plans, including measurable objectives, for each of its divisions that detail how they will fulfill the mentoring obligations outlined in the CBAs.
12. Each ESRA division document the performance of key mentoring activities noted in their mentoring plans. (See Recommendation 11).
13. ESRA ensure all staff responsible for mentoring have the required skills to carry out mentoring obligations outlined in the CBA.
14. ESRA develop performance measures to assess how well each division is meeting their mentoring objectives.
15. ESRA periodically provide government with information on the progress made in achieving mentoring objectives.
16. ESRA monitor training provided against the CBA training targets.
17. ESRA track whether training participants are able to secure related employment within a set time after being trained.
18. ESRA establish a plan for meeting their equipment maintenance program obligation.

**OAG comment:** *Once MI, in consultation with the Indigenous communities, has determined a service delivery model to replace the ESRA model, the department should ensure that our recommendations are considered in the development of this model.*

## Implemented/resolved

### March 2019 report – status as at September 30, 2018

#### **We recommended that:**

21. ESRA assign a senior official overall responsibility for the administration of CBAs and related contracts.

**OAG March 2019 Comment:** *A senior official with MI has been assigned this responsibility.*

### March 2018 report – status as at September 30, 2017

#### **We recommended that:**

7. ESRA, on a test basis, verify the employment information received from contractors.

**OAG March 2018 Comment:** *Recommendations 7, 8, 19, 20, 22, and 24 are considered cleared because ESRA operations are now included in MI. Based on our previous audit work, we note that the Department has policies and controls in place to address these recommendations.*

8. ESRA monitor whether contractors are complying with the requirement to purchase goods from local suppliers.
19. ESRA Finance obtain proper support for goods or services received, and ensure this support is attached to the payment request.
20. ESRA revise their holdback release process to ensure that payments are compliant with the terms of the contract.
22. ESRA develop and implement contract administration policies and procedures.
24. ESRA develop and implement a centralized contract administration filing system as well as documentation standards that identify key records that should be created and retained in either electronic or paper format.
23. Once contract administration policies and procedures are in place, we recommend that related training workshops be developed and delivered to all pertinent staff.



## Action no longer required

March 2019 report – status as at September 30, 2018

### We recommended that:

3. ESRA develop a policy and related practices for calculating capacity-building allowances. The policy should include guidance for reducing the capacity building allowance as the community corporations mature.

March 2018 report – status as at September 30, 2017

### We recommended that:

1. ESRA set measurable objectives for the AES including short and long-term targets.
9. ESRA develop a comprehensive process for assessing the ongoing financial viability of each community corporation during the term of their CBA.
10. Once measurable performance objectives, measures and targets and timelines are set, we recommend that ESRA report appropriately detailed performance information in its annual report in relation to each of its AES objectives.
23. Once contract administration policies and procedures are in place, we recommend that related training workshops be developed and delivered to all pertinent staff.

## Do not intend to implement

March 2018 report – status as at September 30, 2017

### We recommended that:

4. ESRA track the total amount of capacity building allowances paid overall and to each Community corporation.
5. ESRA track how community corporations benefited from the capacity building allowances they received.

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# Second follow-up review

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## Management of MRI Services

Our recommendations were originally directed to the Department of Health, Seniors and Active Living, Diagnostic Services Manitoba, Prairie Mountain Health and Winnipeg Regional Health Authority. Due to a restructuring of Manitoba's health care system, Shared Health was created and is now responsible for implementing the recommendations originally directed to Diagnostic Services Manitoba.

Summary of reports and PAC discussion dates	
Reports issued	Discussed at PAC (in meetings up to December 4, 2018)
Original report – April 2017	–
First follow-up – March 2019	–

### What our original report examined

Magnetic Resonance Imaging (MRI) is a non-invasive procedure that uses a strong magnetic field and radio waves to create detailed images of organs and structures inside the body — most commonly the brain, spine, heart, abdomen, pelvis, and soft tissues in joints. This advanced imaging helps clinicians diagnose, monitor, and treat patients' medical conditions. The Department of Health, Seniors and Active Living (the Department) funds and oversees MRI services. Two Regional Health Authorities (RHAs) and Diagnostic Services Manitoba (now called Shared Health Manitoba) manage and deliver these services.

We examined the adequacy of processes in the Department, Diagnostic Services Manitoba (DSM), Prairie Mountain Health (PMH), and Winnipeg Regional Health Authority (WRHA) for ensuring:

- Timely and efficient MRI services.
- Patient safety and quality of MRI scans and 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](http://oag.mb.ca)

## Status of recommendations as at September 30, 2019

Many of the 24 recommendations from our 2017 report were directed to more than one organization. For follow-up purposes, recommendations directed to more than one organization were followed-up with each organization named. This results in a total of 52 recommendations.

Recommendations that require multiple organizations to “work together” were followed-up as one recommendation rather than by each organization named in the recommendation.

As shown in the table below, 11 of our 52 recommendations have been implemented as at September 30, 2019.

Status date	Implemented/ resolved	Action no longer required	Do not intend to implement	Work in progress	Total
<b>September 30, 2019</b> Department of Health, Seniors and Active Living	2	–	–	3	5
Shared Health	2	–	–	11	13
Prairie Mountain Health	1	–	–	12	13
Winnipeg Regional Health Authority	5	–	–	9	14
Multiple organizations working together	1	–	–	6	7
<b>Total</b>	<b>11</b>	<b>–</b>	<b>–</b>	<b>41</b>	<b>52</b>

This is the second follow-up on the audit of *Management of MRI Services*. We have prepared the following table summarizing when recommendations were considered as implemented, action no longer required and do not intend to implement. Recommendations viewed as implemented are excluded from subsequent follow-ups.

### Timing of recommendations where no further follow-up is required

Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	9	–	–
March 2019	2	–	–
<b>Total</b>	<b>11</b>	<b>–</b>	<b>–</b>

Below we list the status of all recommendations. For certain recommendations we have added an “OAG comment” to clarify implementation status or to highlight select actions or planned actions.

### Work in progress

Directed to the Department of Health, Seniors and Active Living

#### We recommended that:

15. DSM, PMH, and WRHA develop and monitor scanner productivity measures that can help assess efficiency and drive process improvement, and that over the long-term the Department require the regions to develop standardized productivity measures.
17. The Department provide government decision-makers considering new additional MRI scanners with more comprehensive data, such as data on the:
  - volume of MRI demand from the different geographic areas of the province.
  - various proposed scanner locations and their related costs, benefits, and risks; clinical environments; transportation impacts; and impacts on provincial, regional and facility wait-times.
  - costs and benefits of expanding the operating hours of existing scanners as opposed to adding new scanners.
  - rationale of proposed operating hours and throughput for new scanners.
20. The Department enhance public information on MRI wait times and volumes by:
  - a. accurately explaining the information.
  - b. reporting a greater variety of wait-time information to better meet users' needs (such as percentile information; both average and median wait times; and, as systems allow, wait times by priority level against established targets).

## Work in progress

### Directed to Shared Health (formerly directed to DSM)

#### **We recommended that:**

3. DSM evaluate the costs and benefits of sharing centralized MRI intake services within or across regions.

**OAG comment:** *Shared Health, WRHA, and PMH advise that the success of the pilot on the mandatory use of Central Intake in WRHA indicates the likely benefit of expanding centralized intake provincially. The Diagnostic Imaging Joint Council has approved a phased approach to implementation, subject to resourcing. Full-costing estimates of centralized intake expansion have not yet been conducted.*

4. DSM monitor the length of time it is taking to book MRI appointments and promptly remedy any significant booking backlogs.
9. DSM assign priority codes to all MRI scan requests based solely on medical considerations and then schedule all scans — including those where a third party is paying for them — based on assigned codes.
10. DSM track and monitor MRI wait times by priority level, and that they adjust their scheduling processes when monitoring shows a significant number of the more urgent scans are not being scheduled so as to meet wait-time targets.
12. DSM identify and implement facility scheduling practices that can increase the number of MRI scans done daily at each facility.
13. DSM implement further strategies for reducing no-show rates for MRI appointments and monitor their effectiveness.
15. DSM develop and monitor scanner productivity measures that can help assess efficiency and drive process improvement, and that over the long-term the Department require the regions to develop standardized productivity measures.
16. DSM track and monitor MRI report turnaround times using policies and targets that take clinical urgency into consideration, and that DSM develop processes to identify and promptly follow-up overdue reports.
21. DSM implement processes to ensure patient safety screening forms are fully completed and properly signed.
23. DSM have a medical physicist assess their MRI quality control programs each year, as required by Manitoba Quality Assurance Program standards.



## Work in progress

24. DSM:

- a. regularly complete all required peer reviews for MRI technologists.
- b. implement a formal and documented annual peer review process for radiologists that includes assessing how they prioritize, read, and interpret MRI scans.

**OAG comment:** *Shared Health has implemented Recommendation 24(a).*

## Directed to Prairie Mountain Health

### We recommended that:

3. PMH evaluate the costs and benefits of sharing centralized MRI intake services within or across regions.

**OAG comment:** *See our comment on Recommendation 3 under Shared Health.*

5. PMH make it clear on their website that, following consultation with their health care providers, patients may have their MRI scans done at different facilities and in different regions.
9. PMH assign priority codes to all MRI scan requests based solely on medical considerations and then schedule all scans — including those where a third party is paying for them — based on assigned codes.
10. PMH track and monitor MRI wait times by priority level, and that they adjust their scheduling processes when monitoring shows a significant number of the more urgent scans are not being scheduled so as to meet wait-time targets.
12. PMH identify and implement facility scheduling practices that can increase the number of MRI scans done daily at each facility.
13. PMH implement further strategies for reducing no-show rates for MRI appointments and monitor their effectiveness.
14. PMH provide all patients with the option to be placed on a cancellation list.
15. PMH develop and monitor scanner productivity measures that can help assess efficiency and drive process improvement, and that over the long-term the Department require the regions to develop standardized productivity measures.
16. PMH track and monitor MRI report turnaround times using policies and targets that take clinical urgency into consideration.
21. PMH implement processes to ensure patient safety screening forms are fully completed and properly signed.

## Work in progress

23. PMH have a medical physicist assess their MRI quality control programs each year, as required by Manitoba Quality Assurance Program standards.
24. PMH:
  - a. regularly complete all required peer reviews for MRI technologists.
  - b. implement a formal and documented annual peer review process for radiologists that includes assessing how they prioritize, read, and interpret MRI scans.

**OAG comment:** *PMH has implemented Recommendation 24(a).*

## Directed to the WRHA

### We recommended that:

3. WRHA evaluate the costs and benefits of sharing centralized MRI intake services within or across regions.  
**OAG comment:** *See our comment on Recommendation 3 under Shared Health.*
9. WRHA assign priority codes to all MRI scan requests based solely on medical considerations and then schedule all scans — including those where a third party is paying for them — based on assigned codes.
10. WRHA track and monitor MRI wait times by priority level, and that they adjust their scheduling processes when monitoring shows a significant number of the more urgent scans are not being scheduled so as to meet wait-time targets.
12. WRHA identify and implement facility scheduling practices that can increase the number of MRI scans done daily at each facility.
13. WRHA implement further strategies for reducing no-show rates for MRI appointments and monitor their effectiveness.
15. WRHA develop and monitor scanner productivity measures that can help assess efficiency and drive process improvement, and that over the long-term the Department require the regions to develop standardized productivity measures.
16. WRHA track and monitor MRI report turnaround times using policies and targets that take clinical urgency into consideration, and that WRHA develop processes to identify and promptly follow-up overdue reports.
21. WRHA implement processes to ensure patient safety screening forms are fully completed and properly signed.

## Work in progress

24. WRHA:

- a. regularly complete all required peer reviews for MRI technologists.
- b. implement a formal and documented annual peer review process for radiologists that includes assessing how they prioritize, read, and interpret MRI scans.

**OAG comment:** *WRHA has implemented Recommendation 24(a).*

### Directed to multiple organizations working together

#### We recommended that:

1. The Department, DSM, PMH, and WRHA (working together and collaboratively with Choosing Wisely Manitoba and other stakeholders) develop specific initiatives to improve the appropriateness of MRI requests, and that in doing so they assess the costs and likely benefits of:
  - developing and implementing ordering guidelines and stricter requirements for the MRI requests most often inappropriately ordered.
  - educating the public on inappropriate scan demands.
  - providing targeted education to clinicians with unusually high ordering rates.
  - altering radiologists' fee structure to recognize time spent dealing with inappropriate orders.
  - embedding ordering guidelines in order-entry software.

7. DSM, PMH, and WRHA work together to finish standardizing MRI request forms across the province in the short-term and work with the Department to implement an electronic MRI request form in the long-term.

**OAG comment:** *Shared Health, PMH, and WRHA have implemented a provincial standardized MRI request form but have not implemented an electronic MRI request form.*

8. The Department, DSM, PMH, and WRHA work together to develop a single province-wide method of prioritizing MRI requests that includes a clear definition and standard wait-time target for each priority level, at minimum meeting the Canadian Association of Radiologists' guidelines.

**OAG comment:** *PMH, Shared Health and WRHA have agreed to use the Canadian Association of Radiologists' (CAR) priority category definitions and national maximum wait time targets for MRI. PMH has formally communicated this new method of prioritizing MRI requests in the organization. Shared Health and WRHA plan to create documentation formalizing this decision in the future. The Department advised that it is supportive of the decision to adopt CAR guidelines.*

11. DSM, PMH, and WRHA work together to harmonize MRI scan protocols across all facilities in the province, and that they adjust the standard length of scan appointments to reflect any resulting time savings.

## Work in progress

18. The Department work collaboratively with DSM, PMH, and WRHA to ensure there is comprehensive strategic planning for MRI services in the province that holistically considers demand, productivity, supply, safety, and quality assurance issues.

**OAG comment:** *Shared Health has accepted the lead on this recommendation and will report on its efforts to the Department going forward.*

19. The Department work collaboratively with DSM, PMH, and WRHA to:
- review and clarify how it expects MRI scan volumes and wait-times to be calculated and reported (both short-term and long-term).
  - include wait-time information by priority level, including comparisons to targets, in its reporting requirements, as systems allow.
  - include productivity measures (other than scan volumes) in its reporting requirements.
  - ensure the accuracy and consistency of reported data.

## Implemented/resolved

This follow-up report – status as at September 30, 2019

Directed to the Department of Health, Seniors and Active Living

### We recommended that:

- The Department make it clear on their website that, following consultation with their health care providers, patients may have their MRI scans done at different facilities and in different regions.
- The Department ensure there is a qualified service provider in place to continue accrediting MRI facilities beyond June 2017.

Directed to Shared Health (formerly directed to DSM)

### We recommended that:

- DSM make it clear on their website that, following consultation with their health care providers, patients may have their MRI scans done at different facilities and in different regions.
- DSM provide all patients with the option to be placed on a cancellation list.

## Implemented/resolved

### Directed to the WRHA

**We recommended that:**

2. WRHA make central intake of MRI requests mandatory.
4. WRHA monitor the length of time it is taking to book MRI appointments and promptly remedy any significant booking backlogs.
14. WRHA provide all patients with the option to be placed on a cancellation list.
23. WRHA have a medical physicist assess their MRI quality control programs each year, as required by Manitoba Quality Assurance Program standards.

### Directed to multiple organizations working together

**We recommended that:**

6. The Department, DSM, PMH, and WRHA work together to develop a specific initiative (or initiatives) to remind clinicians that MRI scans can be requested at facilities in different regions.

### March 2019 report – status as at September 30, 2018

### Directed to Prairie Mountain Health

**We recommended that:**

4. PMH monitor the length of time it is taking to book MRI appointments and promptly remedy any significant booking backlogs.

### Directed to the WRHA

**We recommended that:**

5. WRHA make it clear on their website that, following consultation with their health care providers, patients may have their MRI scans done at different facilities and in different regions.

# Management of Manitoba's Apprenticeship Program

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

Summary of reports and PAC discussion dates	
Reports issued	Discussed at PAC (in meetings up to December 4, 2018)
Original report – July 2017	August 31, 2017 (Passed)
First follow-up – March 2019	–

## What our original report examined

Apprenticeship Manitoba, a branch of the Department of Economic Development and Training, is responsible for administering Manitoba's apprenticeship program. Its stated mission is "to provide access to training, supports, and certification of skilled workers to help meet the needs of Manitoba industry," and its stated vision is "to be the model for training and certification of workers." It also assists the Apprenticeship and Certification Board, a group of people appointed by the Minister to provide advice and help the Province coordinate Manitoba's apprenticeship system.

An apprentice typically obtains about 80% of his or her training on the job and 20% in school to obtain a certificate of qualification in a trade. We examined the adequacy of Apprenticeship Manitoba's processes for overseeing in-school training, workplace training, and apprentice progress. We also examined the adequacy of planning and performance reporting for Manitoba's apprenticeship system. We chose these areas for examination because they support Apprenticeship Manitoba's stated mission and vision. They also reflect the requirements of *The Apprenticeship and Certification Act* and regulations.

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](http://oag.mb.ca)

## Status of recommendations as at September 30, 2019

As shown in the table below, six of our 20 recommendations has been implemented as at September 30, 2019.

Status date	Implemented/ resolved	Action no longer required	Do not intend to implement	Work in progress	Total
September 30, 2019	6	–	2*	12	20

\* Apprenticeship Manitoba does not intend to implement Recommendation 19 (b). The other components of this recommendation have been implemented.

Apprenticeship Manitoba has chosen not to implement Recommendation 5, which addresses the on-line delivery of apprenticeship courses. Apprenticeship Manitoba conducted a review of E-apprenticeship, and identified there was low uptake and enrollment by apprentices, high costs to deliver these courses, and a lack of stakeholder interest and engagement. As a result, they have decided to discontinue on-line delivery of these courses.

Apprenticeship Manitoba has chosen not to implement Recommendation 19 (b) which addressed measuring completion rates. Apprenticeship Manitoba tracks the number of completions in a given year and by trade, however they do not measure the number of individuals completing their apprenticeship in the period of time defined for their trade. Apprenticeship Manitoba also noted that the current database does not allow tracking of individual completion rates, and the new database (in development) would require significant work to update the system to meet this recommendation.

In our March 2019 Follow-up report, Apprenticeship Manitoba advised that it does not intend to implement Recommendation 11, which recommended employers track and verify their apprentices' practical experience. Apprenticeship Manitoba told us that implementing this recommendation would have a negative impact on industry engagement, which could in turn limit opportunities for future apprentices and challenge the Apprenticeship and Certification Board to advance its mandate. While we acknowledge Apprenticeship Manitoba's concerns, we continue to support the value of this recommendation. Understanding the breadth and depth of an apprentice's practical experience is critical to ensuring they are properly qualified. We note that part (b) of Recommendation 11 speaks to the need to work with employers and apprentices to gain their support for a revised logbook.

This is the second follow-up on the audit of *Management of Manitoba's Apprenticeship Program*. We have prepared the following table summarizing when recommendations were considered as implemented, action no longer required and do not intend to implement. Recommendations viewed as implemented are excluded from subsequent follow-ups.

## Timing of recommendations where no further follow-up is required

Follow-up report date	Implemented/ resolved	Action no longer required	Do not intend to implement
This follow-up	6	–	1
March 2019	1	–	1
<b>Total</b>	<b>7</b>	<b>–</b>	<b>2</b>

Below we list the status of all recommendations. For certain recommendations, we have added an “OAG comment” to clarify implementation status or to highlight select actions or planned actions.

## Work in progress

### **We recommended that:**

3. Apprenticeship Manitoba use a risk-based accreditation process.
4. Apprenticeship Manitoba obtain documented evidence that the quality of each block-release training course is consistent with accreditation standards, and then use a risk-based approach to periodically assess on-going quality.
6. Apprenticeship Manitoba:
  - a. clarify in policy the information and verification needed in order for staff to conclude that an employer registering an apprentice will provide suitable experience and proper supervision, and comply with applicable legislation.
  - b. periodically monitor staff compliance with the policy.
7. Apprenticeship Manitoba improve its employer database so that it tracks the following information for each employer:
  - a. number and names of journeypersons, designated trainers, and apprentices.
  - b. ratio adjustments.
  - c. all actions related to ensuring the employer is providing suitable experience and properly supervising apprentices.
  - d. all instances of non-compliance with apprenticeship legislation.

**OAG comment:** *Apprenticeship Manitoba has implemented recommendation 7(b).*

8. Apprenticeship Manitoba require all individuals applying for designated-trainer status to provide evidence supporting their self-declarations.



## Work in progress

10. Apprenticeship Manitoba develop a regimen for visiting workplaces to assess the quality of workplace training that includes:
  - a. coverage of both voluntary and compulsory trades.
  - b. consideration of partnerships with other parts of government to avoid any potential duplication of effort.
  - c. risk-based selection criteria that consider industry and employer history with respect to compliance issues and complaints.
  - d. specified procedures for assessing whether apprentices are receiving suitable experience and proper supervision, plus specified documentation requirements.
  - e. specified procedures and guidance for following-up and resolving all instances of noted or alleged non-compliance with apprenticeship legislation.

**OAG comment:** *Apprenticeship Manitoba has implemented recommendation 10 (a) and (c)*

13. Apprenticeship Manitoba develop a policy for recognizing prior workplace training and experience, similar to its policy for recognizing prior in-school training, and then take steps to ensure staff comply with both policies.
14. Apprenticeship Manitoba keep copies of employers' certification of apprentices' work hours to support the information recorded in its database.
16. Apprenticeship Manitoba develop a documented quality assurance process to ensure that staff:
  - a. identify apprentices failing to progress and follow-up to ascertain the reasons for the lack of progression.
  - b. develop plans and provide supports for apprentices needing help for continued progression, and regularly monitor the effectiveness of the supports being provided.
  - c. cancel apprenticeship agreements when apprentices no longer wish to remain in the apprenticeship program.

**OAG comment:** *Apprenticeship Manitoba has implemented recommendation 16 (a) and (c).*

17. Apprenticeship Manitoba evaluate the adequacy and effectiveness of the essential-skills support services it offers to apprentices, and then take steps to remedy any identified gaps.
18. Apprenticeship Manitoba develop:
  - a. mechanisms for forecasting supply and demand for apprenticeship trades.
  - b. goals and objectives related to the quality of both in-school and workplace training.
  - c. risk management processes.
  - d. specific and measurable performance targets tied to stated goals and objectives.

## Work in progress

20. Apprenticeship Manitoba improve its public reporting on Manitoba's apprenticeship program to include information about training results and the quality of training (for example, program completion rates and the results of course accreditation and workplace monitoring).

## Implemented/resolved

This follow-up report – status as at September 30, 2019

### We recommended that:

1. Apprenticeship Manitoba obtain documented evidence that all legislative and policy requirements are met before it accredits training courses, and that it assess the need for increased supervisory review, staff training, and checklists in order to achieve this.
2. Apprenticeship Manitoba annually remind training institutions that they must immediately report any significant changes to their accredited training courses, and that this includes all instructor changes.
9. Apprenticeship Manitoba perform the following work before approving ratio adjustments:
  - a. ensure the adjustments are for reasons allowed by the General Regulation.
  - b. verify or assess the reasonableness of employer-reported information, including the safety steps proposed to mitigate the reduced level of supervision.
  - c. evaluate the employer's compliance history.
  - d. document all work performed, including how information was weighed to arrive at a decision.
15. Apprenticeship Manitoba develop a policy setting out formal processes for conducting and documenting the prior learning assessments that exempt people from the practical exams otherwise required.
19. Apprenticeship Manitoba:
  - a. take steps to ensure the accuracy of the reported number of active apprentices.
  - b. regularly measure completion rates.
  - c. periodically measure apprentice and employer satisfaction.

**OAG comment:** *Apprenticeship Manitoba does not intend to implement 19 (b). Apprenticeship Manitoba tracks the number of completions in a given year and by trade, however they do not measure how many individuals are completing their apprenticeship in the period of time defined for their trade. In addition, the current database does not allow tracking of individual completion rates.*

## Implemented/resolved

March 2019 report – status as at September 30, 2018

### We recommended that:

12. Apprenticeship Manitoba evaluate the costs and benefits of making the workplace mentoring resources developed by other provinces and the Canadian Apprenticeship Forum available to Manitoba employers and journeypersons.

## Do not intend to implement

This follow-up report – status as at September 30, 2019

### We recommended that:

5. Apprenticeship Manitoba conduct and document a comprehensive lessons learned analysis for the E-Apprenticeship Alternative Delivery Development Initiative, and then develop an updated strategy for offering online training courses to apprentices.

March 2019 report – status as at September 30, 2018

### We recommended that:

11. Apprenticeship Manitoba:
  - a. work with employers to develop a logbook that records the types of tasks performed by apprentices, as well as the hours worked.
  - b. develop a strategy for communicating the value of the revised logbook to both employers and apprentices.

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# First follow-up review

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## Managing Climate Change

Our recommendations were originally directed to the Department of Sustainable Development. Due to a government reorganization, the Department of Conservation and Climate is now responsible for implementing the recommendations.

Summary of reports and PAC discussion dates	
Reports issued	Discussed at PAC (in meetings up to December 4, 2018)
Original report – October 2017	–

### What our original report examined

We examined whether the Department of Sustainable Development was adequately leading the Province's response to climate change. We conducted this audit because the impacts of climate change pose a threat to infrastructure, human health and well-being, the economy, and natural environment.

The audit was part of a collaborative audit initiative involving most provincial legislative audit offices and the Auditor General of Canada. The offices agreed to work together to determine the extent to which federal, provincial, and territorial governments were meeting commitments to reduce greenhouse gas emissions and adapt to climate change.

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](http://oag.mb.ca)

## Status of recommendations as at September 30, 2019

As shown in the table below, 1 of our 8 recommendations has been implemented as at September 30, 2019.

Status date	Implemented/ resolved	Action no longer required	Do not intend to implement	Work in progress	Total
September 30, 2019	1	–	–	7	8

Below we list the status of all recommendations.

### Work in progress

**We recommended that:**

2. The Department use scientific and economic analyses to help it set short, medium, and long-term targets for reducing greenhouse gas emissions.
3. The Department support plans for reducing emissions with comprehensive analyses of the benefits, risks, and costs of different approaches and policy tools.
4. The Department develop plans for reducing emissions that show each significant initiative's expected emissions reduction and estimated cost.
5. The Department implement processes for monitoring Manitoba's progress in reducing greenhouse gas emissions that include:
  - a. clearly defined roles and responsibilities for the Department, partner departments and agencies, and Cabinet committees.
  - b. regular reporting on whether the overall plan and significant initiatives are on time, on budget, and going to achieve expected emissions reductions and any other stated secondary goals (for example, job creation goals).
  - c. on-going risk management to identify and mitigate risks to achieving expected emissions reductions.
6. The Department publicly report on Manitoba's progress in reducing greenhouse gas emissions annually and that, for each significant initiative, this include reporting the emissions reductions realized, related costs, and whether any secondary goals (such as job creation goals) were achieved.



## Work in progress

7. The Department work with other provincial government departments and agencies, as well as with municipalities, to:
  - a. identify and assess potential risks associated with climate change impacts in Manitoba.
  - b. based on the significant risks identified, develop a provincial adaptation plan with clearly defined actions, timeframes, and budget.
8. The Department develop processes to publicly report on an annual basis:
  - a. the significant risks identified for Manitoba as a result of climate change impacts.
  - b. planned actions and timelines to address those risks.
  - c. progress in implementing planned actions.
  - d. the degree to which planned actions have successfully reduced identified risks.
  - e. related costs.

## Implemented/resolved

This follow-up report – status as at September 30, 2019

### **We recommended that:**

1. The Department promptly review and update its plan for reducing greenhouse gas emissions whenever progress monitoring shows established targets will not be met, and at a minimum every 3 years.

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 4, 2018)
Original report – August 2018	December 4, 2018

## What our original report examined

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

In this follow-up report, we note the status of all recommendations issued as a result of our audit of the Public Accounts and other financial statements included in the Government Reporting Entity (GRE) for the year ended March 31, 2018.

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](http://oag.mb.ca)

## Status of recommendations as at September 30, 2019

As shown in the table below, our recommendation has been implemented as at September 30, 2019.

Status date	Implemented/ resolved	Action no longer required	Do not intend to implement	Work in progress	Total
September 30, 2019	1	–	–	–	1

Below we list the status of our recommendation.

Implemented/resolved
This follow-up report – status as at September 30, 2019
<p><b>We recommended that:</b></p> <ol style="list-style-type: none"> <li>1. Government limit the public reporting of core government financial information to the revenues and expenditures of government departments, and as such that a core government deficit/surplus not be presented in budget documents or reported in quarterly reports and the Public Accounts.</li> </ol>

Our recommendations were originally directed to Manitoba eHealth. Due to restructuring of Manitoba's health care system, eHealth is now a service within the newly created Shared Health organization.

Summary of reports and PAC discussion dates	
Reports issued	Discussed at PAC (in meetings up to December 4, 2018)
Original report – October 2018	–

## What our original report examined

eChart is an electronic system that pulls confidential health information from many of the Province's existing electronic health databases.

This audit examined whether Manitoba eHealth (eHealth) was sufficiently managing the significant risks that might prevent it from achieving the following eChart Manitoba (eChart) operational objectives:

- Realizing its intended benefits.
- Ensuring its information is accessed only by authorized individuals.
- Ensuring it is available when needed.

We did not examine practices and controls that prevent, detect and correct inaccurate eChart 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](http://oag.mb.ca)

## Status of recommendations as at September 30, 2019

As shown in the table below, one of our 15 recommendations has been implemented as at September 30, 2019.

Status date	Implemented/ resolved	Action no longer required	Do not intend to implement	Work in progress	Total
September 30, 2019	1	1	3	10	15

Action is no longer required for Recommendation 7. Shared Health has advised that all sites are required to sign a Master Services Agreement which specifies that each site must comply with the Personal Health Information Act (PHIA). This includes the requirement to have all employees and agents sign a pledge of confidentiality and all users must accept the Terms of Use upon their first login to eChart. The Terms of Use require the users to agree that they will restrict their access to the information that is necessary to provide care to individuals with whom they have a health care relationship.

Shared Health has chosen not to implement Recommendations 6 and 11. These recommendations address limiting access to personal health information to those who "need to know" for the purpose of providing care in accordance with the PHIA. Shared Health has told us that health care providers and support staff may require access to a broad range of clinical information and Shared Health accepts the risks which they believe is low given the technical limitations and alternate measures in place to prevent, deter and investigate unauthorized access to eChart information.

While we acknowledge the technical limitations and other control measures exist, we continue to support the value of Recommendations 6 and 11. Restricting access to personal health information in relation to users' health-care roles is a strong preventative control that ensures this information is available only to those required. Additionally, there is a need for detective controls where the sites actively review the User Account Management Reports, which shows whether users have access to information that is in line with their roles and responsibilities.

Shared Health has also chosen not to fully implement Recommendation 9. This recommendation addresses ensuring health-care site privacy officers are aware of their roles and responsibilities to safeguarding patients' personal health information in eChart. Shared Health provides training for privacy officers when new sites go-live with eChart. However, it does not intend to provide any periodic training after the initial implementation. Shared Health does not believe it is appropriate to use eChart access as the mechanism to ensure Privacy Officers understand the PHIA and sufficient reference materials are provided at the time of the initial training. While we acknowledge these views, we continue to support the value of this recommendation. Periodic refresher training is important to ensure Privacy Officers continue to understand their responsibilities regarding safeguarding eChart information and are aware of any updates to eChart privacy information.

Below we list the status of all recommendations.

## Work in progress

### **We recommended that:**

1. eHealth identify, assess and mitigate (if needed) the risks associated with not realizing eChart's intended benefits.
2. eHealth periodically update their vision of the clinical information that will be included in eChart.
3. as part of the annual budgetary process, eHealth clearly communicate to the IT capital-spending decision-makers the impact that significant delays in implementing eChart related releases and projects will have on the ability to achieve eChart's intended benefits.
4. eHealth develop and implement strategies to achieve eChart usage and site implementation targets.
5. We recommend that eHealth develop key performance indicators for each eChart intended benefit, and that targets be determined for each indicator. We also recommend that eHealth monitor results achieved against the targets and identify any needed corrective action for performance short falls.
8. eHealth ensure their consultant staff attend PHIA training and sign confidentiality pledges.
10. eHealth define and communicate minimum timing requirements for sites to request removal of eChart users.
12. eHealth update their eChart audit methodology to:
  - a. include a site selection process that is random and unpredictable.
  - b. monitor user activities through automated triggers and alerts.
14. eHealth promptly implement the cybersecurity control recommendations presented in our letter to management.
15. eHealth develop, communicate, implement and test a disaster recovery plan for their data, systems and infrastructure, which would include eChart.

## Implemented/resolved

This follow-up report – status as at September 30, 2019

### We recommended that:

13. eHealth, in collaboration with the WRHA Chief Privacy Officer, update their eChart privacy incident handling process to clarify responsibility for patient and public notifications.

## Action no longer required

This follow-up report – status as at September 30, 2019

### We recommended that:

7. eHealth; as part of their periodic audits of user activities at sites, (referenced in section 2.2.6) obtain assurance from each site that eChart users have signed their PHIA confidentiality pledges.

## Do not intend to implement

This follow-up report – status as at September 30, 2019

### We recommended that:

6. eHealth update their eChart user access guidance to specifically link health-care roles to appropriate eChart views and establish a process to handle any necessary exceptions identified by the sites.
9. eHealth ensure site privacy officers are trained upon implementation of eChart or upon being assigned to this role, and periodically thereafter.
11. eHealth require sites to certify the quarterly *User Account Management Report* as reviewed and communicate any needed changes in user views and authorized users in a timely manner.

# Pharmacare: Special Audit of Financial Irregularities and Controls

Our recommendations are directed to the Department of Health, Seniors and Active Living.

Summary of reports and PAC discussion dates	
Reports issued	Discussed at PAC (in meetings up to December 4, 2018)
Original report – October 2018	–

## What our original report examined

On August 25, 2015, the Minister of Finance requested a special audit under Section 16 of *The Auditor General Act* of the Pharmacare claims process and the transactions made by a specific employee.

Our audit focused on payments resulting from the manual entries made by the suspected employee during the entire period of employment (October 29, 2007 to March 17, 2015). These transactions totaled \$1.1 million.

The audit objectives were as follows:

1. To determine the extent of illegitimate disbursements processed by the employee.

For the employee's entire term of employment we examined the following transactions processed by the employee for supporting documentation:

- Manual entries of prescription drug purchases.
- Interim payments, including the calculation of the related deductible.

We also examined all manual adjusting entries (carrier 10 and 12) over \$1,000 for all employees for the entire term of employment. We examined entries for all employees because the system is unable to track these entries by employee.

2. To determine whether there were adequate controls in place to ensure that only properly supported disbursements were made to individual.

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](http://oag.mb.ca)



## Status of recommendations as at September 30, 2019

As shown in the table below, one of our 5 recommendations has been implemented as at September 30, 2019.

Status date	Implemented/ resolved	Action no longer required	Do not intend to implement	Work in progress	Total
September 30, 2019	1	–	–	4	5

Below we list the status of all recommendations.

### Work in progress

**We recommended that:**

2. The Department conduct a benefit/cost analysis for making enhancements to the DPIN system to build automated internal controls over the processing of manual Pharmacare transactions, and to implement enhancements where it makes business sense to do so.
3. Pharmacare ensure there is supervisory review of all manual transactions and, if applicable, that the review occur before a cheque is generated.
4. Pharmacare develop documentation requirements for each type of entry made into DPIN. This guidance should include checklists of all information required to support a particular entry.
5. Pharmacare establish a process to compare self-reported income figures with income information from the CRA once it becomes available. Recovery processes should be established for situations where self-reported incomes were significantly below actual income reported to the CRA and resulted in Pharmacare paying for prescription drugs that the client should have paid for.

Implemented/resolved

This follow-up report – status as at September 30, 2019

**We recommended that:**

1. Manitoba Health forward our detailed audit findings to Civil Legal Services.

# Thompson District Office: Special Audit of Missing Licences and Cash Management Practices

Our recommendations were originally directed to the Department of Sustainable Development. Due to a government reorganization, the Department of Conservation and Climate is now responsible for implementing the recommendations.

Summary of reports and PAC discussion dates	
Reports issued	Discussed at PAC (in meetings up to December 4, 2018)
Original report – October 2018	–

## What our original report examined

On May 27, 2014, the Minister of Finance requested a special audit under Section 16 of *The Auditor General Act* of cash management processes in the Thompson District Office of the Department of Sustainable Development. This request was made after Sustainable Development discovered a missing deposit and missing licences at the Thompson District Office.

The objectives of our audit were to:

- Determine the extent of the missing licences and funds in the Thompson District Office.
- Assess the adequacy of Sustainable Development's control framework over licence inventory, revenues, receivables, and receipts.

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](http://oag.mb.ca)

## Status of recommendations as at September 30, 2019

As shown in the table below, none of our five recommendations has been implemented as at September 30, 2019.

Status date	Implemented/ resolved	Action no longer required	Do not intend to implement	Work in progress	Total
September 30, 2019	–	–	–	5	5

Below we list the status of all recommendations.

### Work in progress

#### We recommended that:

1. Sustainable Development prepare a documented risk assessment, including fraud exposure evaluations, for each vendor type and location to ensure appropriate controls are in place to mitigate significant risks. We further recommend that the assessments be periodically reviewed.
2. Sustainable Development segregate incompatible duties at its various locations whenever possible and practical. When not possible or practical, we recommend that Sustainable Development conduct additional or extended procedures (for example, supervisory reviews), based on the specific risks associated with each location.
3. Sustainable Development strengthen its inventory Remittance Procedures to include:
  - How often the inventory counts should be done
  - A requirement that the inventory count results be submitted to the Licensing (or responsible) Branch. If inventory counts are not conducted there should be a follow up process in place
  - Guidance on who should be conducting the inventory counts. The individual who conducts the count should not be responsible for the custody, selling and recording of licence/permit transactions.
4. Sustainable Development include in their quality assurance processes the periodic review of MROs prepared by each district office, campground and park gate to ensure all required information is accurately recorded and properly supported. We further recommend that they provide clerks and supervisors with needed training or directives to ensure expectations are completely understood.
5. Sustainable Development Financial Services staff prepare the monthly bank reconciliations and that they be reviewed and approved by management.

# Rural Municipality of De Salaberry: Audit of Financial Irregularities

Our recommendations are directed to the Rural Municipality of De Salaberry.

Summary of reports and PAC discussion dates	
Reports issued	Discussed at PAC (in meetings up to December 4, 2018)
Original report – October 2018	–

## What our original report examined

In February 2014 we received allegations about financial irregularities at the Rural Municipality of De Salaberry (RM). On July 29, 2014 we scheduled an audit to assess the validity of the financial allegations, and to identify potential opportunities to strengthen related systems and procedures.

Our audit objectives were to assess:

1. The validity of the financial allegations:
  - Some credit card transactions lacked support.
  - Personal items were charged to RM credit cards.
  - Not all donations at a fundraising event were deposited.
  - There were excessive promotional expenses.
  - Project management services were not tendered.
2. The adequacy of the RM's internal control procedures for processing expense claims.

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](http://oag.mb.ca)

## Status of recommendations as at September 30, 2019

As shown in the table below, 1 of our 8 recommendations has been implemented as at September 30, 2019.

Status date	Implemented/ resolved	Action no longer required	Do not intend to implement	Work in progress	Total
September 30, 2019	1	2	–	5	8

Recommendations 2 and 3, which address donations and expenses related to the charity golf tournament, are classified as action no longer required because no golf tournament has been held since our report and nor are any foreseen.

Below we list the status of all recommendations.

Work in progress
<p><b>We recommended that:</b></p> <ol style="list-style-type: none"> <li>The RM develop a policy on local meal and entertainment expenses that: <ul style="list-style-type: none"> <li>Defines the circumstances where such expenses are allowed.</li> <li>Requires transactions be supported by original receipts with details of what was purchased.</li> <li>Requires documentation on the purpose of restaurant meals and who attended, and documentation on the nature and purpose of entertainment events.</li> <li>Defines if and when alcohol charges are allowed.</li> </ul> </li> <li>The RM tender for project management services every four to five years and that the RM include this requirement in its purchasing policy.</li> <li>The CAO review all Council member expense claims for compliance with Council's expense policy, and that the Finance Committee review and approve all Council expense claims before they are paid.</li> <li>The RM amend their standard expense claim form for Council and staff to require a signature certifying that all amounts claimed are accurate and incurred on municipal business.</li> <li>Bank reconciliations be completed promptly, ideally within 30 days after month end, and that the CAO review and approve them after they are completed.</li> </ol>

## Implemented/resolved

This follow-up report – status as at September 30, 2019

### **We recommended that:**

7. The RM revise the Council remuneration bylaw to include specific meal per diem rates, and to define the circumstances when meals can be claimed for work within the RM.

## Action no longer required

This follow-up report – status as at September 30, 2019

### **We recommended that:**

2. A municipal official issue receipts at the charity golf tournament immediately upon receipt of the donation.
3. The RM require a detailed listing of expenses for the charity golf tournament, and that this listing be supported by invoices/receipts.

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