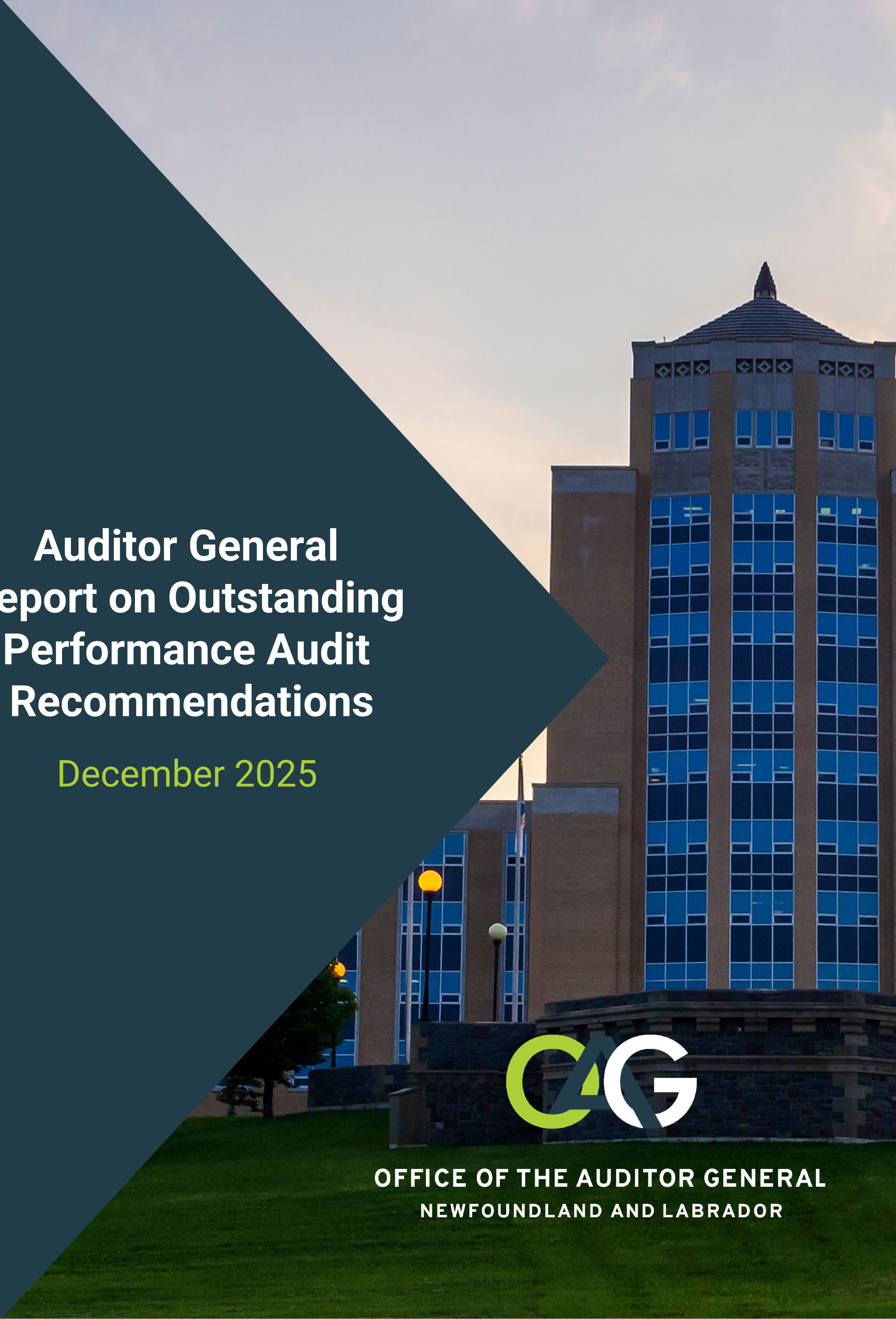
Auditor General Report on Outstanding Performance Audit Recommendations

December 2025



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

This page is intentionally left blank

Report Overview

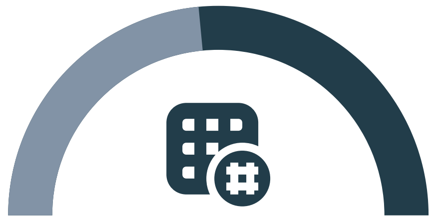
OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

Why We Did This Report

Implementing Auditor General performance audit recommendations is a key way for government to demonstrate accountability and enhance the delivery of programs and services. This report includes performance audits for eight entities conducted between 2018 to 2022, and provides an update on 57 recommendations.

26%

Outstanding recommendations from audits conducted between 2018-2022 (15 of 57)



47%

Outstanding recommendations are over five years old (7 of 15)

For example, these outstanding recommendations show where risks remain:

- The Department of Education and Early Childhood Development (formerly the Newfoundland and Labrador English School District) has not fully implemented a province-wide nutrition policy to support healthy eating in schools since the recommendation made in 2019;
- The Department of Tourism, Culture, Arts and Recreation has not yet developed an action plan for healthy active living to support government's health outcome targets and bring indicators in line with the Canadian average by 2025; and
- The Department of Justice and Public Safety has not yet adequately addressed conflicts of interest within the public service and Crown entities to improve accountability and transparency, since our recommendation made in 2020.

Conclusion

Recommendations are a vital component of audit reports, and it is essential that departments and entities fully implement or otherwise resolve them to improve program and service delivery. Currently, 26 per cent of recommendations issued between 2018 and 2022 remain outstanding.

We are particularly concerned that some departments continue to show low implementation rates, with certain recommendations dating back to 2019. Also, no change of implementation status was noted for eight of twelve recommendations (67 per cent) that were partially implemented per our prior report from January 2025.

Failure to implement these recommendations means risks remain or may increase.

Report Overview

OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

Observations

Analysis of the 15 outstanding recommendations indicates that some government departments and entities have areas where they could improve; where services could be more efficient; and where savings may be realized with more effective program delivery. For example:

- The Department of Tourism, Culture, Arts and Recreation has not implemented any of the four recommendations (100 per cent) made from our 2019 report on the Oversight of Provincial Wellness Priorities. These recommendations aimed to ensure healthy active living initiatives are driving progress toward provincial health targets;
- Newfoundland and Labrador Hydro (formerly Nalcor Energy) has not implemented its only recommendation (100 per cent) from the Nalcor Energy – Compensation audit report from 2022. We recommended that compensation policies and practices should be re-evaluated to ensure the best possible use of public money, including consideration of alignment with government classification, pay scales, and benefits policies;
- The Department of Justice and Public Safety has not implemented six of seven recommendations (86 per cent) including five related to the audit of Adult Custody and Community Corrections which were recommended to ensure effective offender rehabilitation and to promote public safety; and
- The Department of Education and Early Childhood Development (formerly the Newfoundland and Labrador English School District) has two outstanding recommendations (29 per cent) since 2019, including identifying information needed from schools to assist its ongoing oversight of healthy eating policies.

We are no longer monitoring 17 outstanding recommendations that were originally reported in three audit reports from 2017:

- Compensation Practices in Government Entities – seven outstanding recommendations;
- Provincial Home Support Program – seven outstanding recommendations; and
- Road Quality – three outstanding recommendations.

Unresolved recommendations no longer monitored by our office remain relevant and may result in future audit topics for our office.

Why It Matters

It is critical for government to fully implement or otherwise resolve Auditor General recommendations. The number of unresolved recommendations—after seven years—highlights ongoing gaps that require attention. Roughly one in four recommendations remain outstanding, with particular concern around the departments which continue to have low implementation rates years after the recommendations were issued. When recommendations are not fully implemented, existing risks persist, and new risks may emerge.

After reading this report, you may want to ask the following questions of government:

1. Is government going to address conflicts of interest within the public service and Crown entities in order to improve accountability and transparency, as this recommendation remains outstanding from the 2020 audit into the Newfoundland and Labrador Liquor Corporation?
2. What is the government doing to make progress on the four outstanding recommendations made to the Department of Tourism, Culture, Arts and Recreation from the 2019 Auditor General's performance audit report on the Oversight of Provincial Wellness Priorities?
3. What is government doing to ensure action is taken on the 17 outstanding recommendations issued in 2017?

This page is intentionally left blank

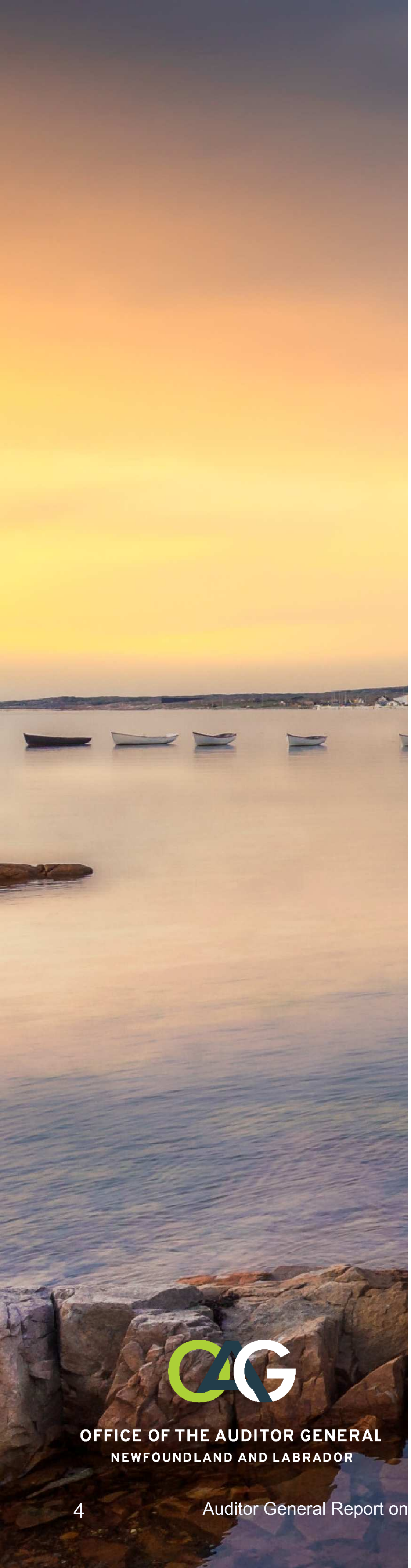


Table of Contents

This page is intentionally left blank

Background

The Office of the Auditor General conducts performance audits to assess how well government and its entities manage resources and operations. These audits provide an independent evaluation of whether programs and functions are operating as intended and include recommendations for improvement.

We monitor previous performance audit report recommendations over seven years. An initial follow-up is conducted approximately two years after the release of a report in order to gain an understanding of progress toward implementation. We then perform continuous monitoring annually for an additional five years or until recommendations are fully implemented or otherwise resolved. We expect that it is reasonable for departments to fully implement recommendations within three years of the audit report being issued.

Our Office classifies and reports on the status of recommendations in one of three categories:
- Fully Implemented or Otherwise Resolved – the recommendation has been adequately addressed or circumstances have changed so that the recommendation is no longer applicable;
- Partially Implemented – action on the recommendation is in progress, but not complete; or
- No Action – action on the recommendation has not yet started.

For recommendations assessed as fully implemented or otherwise resolved and partially implemented, our work consists primarily of enquiry and discussion with management officials at government departments and Crown agencies, and an examination of selected supporting documentation. For recommendations where the status is noted as no action, and for self-reported implementation statuses originating from reports on performance audits of Departments and Crown Agencies delivered in 2023, no procedures were performed.

Occasionally, our Office will disagree with an entity's assessment of the extent of implementation of a recommendation. In all cases, the status of a recommendation is reported based on our Office's assessment of implementation.

We are reporting on recommendations from past performance audit reports delivered between 2018 and 2022. Progress on all outstanding recommendations from our performance audit reports between 2018 and 2022 is reported as of August 31, 2025. We note that we are no longer actively monitoring 17 outstanding recommendations from three reports delivered in 2017. Please see the relevant section of this report for further details.

There were ten subject areas included in the audit reports from 2018 through 2022:
- Adult Custody and Community Corrections;
- Healthy Eating in Schools;
- Management of Firearms and Ammunition;
- Management of the Procurement of Goods and Services;
- MV Veteran and MV Legionnaire;
- Nalcor Energy;
- Nalcor Energy – Compensation;
- Newfoundland and Labrador Liquor Corporation;
- Oversight of Provincial Wellness Priorities; and
- Student Transportation.

Ongoing Implementation

There were four reports delivered during 2023; each entity has self-reported their implementation status:

- Food Premises Inspection & Licensing Program;
- Innovation and Business Investment Corporation;
- Office of the High Sheriff; and
- Memorial University.

There were eight reports released between 2024 and 2025, but are not included in this year's monitoring activities because they are within the initial two-year implementation period:

- Oil and Gas Corporation (June 2024);
- House of Assembly - Members & Ministers Expenditures (July 2024);
- Administration of Crown Lands (October 2024);
- Memorial University Facilities Management (January 2025);
- Medical Care & Dental Health Plans (March 2025);
- Personal Care Homes (April 2025);
- Health Sector Contracts – Phase 1 (June 2025); and
- Royal Newfoundland Constabulary – Management of Inventory & Employee Training (July 2025).

Summary Status of Recommendations

Recommendations are a critical part of audit reports, and it is important for the departments and entities we audit to fully implement or otherwise resolve our recommendations in order to improve the delivery of the programs and services that are critical to Newfoundlanders and Labradorians.

As we analyzed the outstanding recommendations, we noted concerns regarding entity attention to recommendations, audit subject area and aging of the recommendations. Overall, we are quite concerned that 26 per cent of our recommendations (15 of 57) issued between 2018 and 2022 remain outstanding.

We expect that no recommendation would take seven years to implement or otherwise resolve; the issues identified in past performance audits should have been rectified by now. Table 1 outlines the status of the recommendations by entity.

Table 1 - Summary of Recommendations by Entity (2018-2022)

Entity	Fully Implemented or Otherwise Resolved	Partially Implemented or No Action	Total	% Fully Implemented	% Outstanding
Tourism, Culture, Arts and Recreation	-	4	4	0%	100%
Justice and Public Safety	1	6	7	14%	86%
Education and Early Childhood Development 1	5	2	7	71%	29%
Newfoundland and Labrador Hydro 2	7	2	9	78%	22%
Transportation and Infrastructure 3 4	14	1	15	93%	7%
Newfoundland and Labrador Liquor Corporation	4	-	4	100%	0%
Forestry, Agriculture and Lands 5	6	-	6	100%	0%
Health and Community Services 6	5	-	5	100%	0%
Total	**42**	**15**	**57**	**74%**	**26%**

1. Includes recommendations issued previously to the Newfoundland and Labrador English School District
2. Formerly Nalcor Energy
3. Formerly Transportation and Works
4. Includes recommendations issued previously to the Newfoundland and Labrador English School District.
5. Formerly Fisheries and Land Resources
6. Includes recommendations issued previously to Children, Seniors and Social Development.

Variation in implementation rates warrants further analysis, particularly when approximately one of every four recommendations remain outstanding. Table 2 outlines the implementation status by entity, detailing multiple audit report topics where applicable.

There were two entities that had a low per cent implementation rate for the period of our review:

- The Department of Tourism, Culture, Arts and Recreation had a zero per cent implementation rate for the period of our review; and
- The Department of Justice and Public Safety had an implementation rate of 14 per cent.

We commend the three entities that fully implemented their recommendations, with a 100 per cent implementation rate:

- Forestry, Agriculture and Lands (formerly Fisheries and Land Resources);
- Health and Communities Services, including recommendations from reports that were previously issued to Children, Seniors and Social Development; and
- Newfoundland and Labrador Liquor Corporation.

Table 2 - Summary of Recommendations by Entity and Report Topic

Education and Early Childhood Development [1]

Report Topic	Report Year	Total	Fully Implemented or Otherwise Resolved	Partially Implemented or No Action	% Outstanding
Healthy Eating in Schools	2019	4	2	2	50%
Management of the Procurement of Goods and Services	2018	2	2	-	0 %
Student Transportation	2019	1	1	-	0%
Total		**7**	**5**	**2**	**29%**

Forestry, Agriculture and Lands [2]

Management of Firearms and Ammunition	2018	6	6	-	0%
Total		**6**	**6**	**-**	**0%**

Health & Community Services [3]

Healthy Eating in Schools	2019	1	1	-	0%
Oversight of Provincial Wellness Priorities	2019	4	4	-	0%
Total		**5**	**5**	**-**	**0%**

Justice & Public Safety

Report Topic	Report Year	Total	Fully Implemented or Otherwise Resolved	Partially Implemented or No Action	% Outstanding
Newfoundland and Labrador Liquor Corporation	2020	1	-	1	100%
Adult Custody and Community Corrections	2022	6	1	5	83%
Total		**7**	**1**	**6**	**86%**

Newfoundland and Labrador Hydro 4

Nalcor Energy - Compensation	2022	1	-	1	100%
Nalcor Energy	2022	8	7	1	13%
Total		**9**	**7**	**2**	**22%**

Newfoundland and Labrador Liquor Corporation

Newfoundland and Labrador Liquor Corporation	2020	4	4	-	0%
Total		**4**	**4**	**0**	**0%**

Tourism, Culture, Arts and Recreation

Oversight of Provincial Wellness Priorities	2019	4	-	4	100%
Total		**4**	**-**	**4**	**100%**

Transportation and Infrastructure 5

MV Veteran and MV Legionnaire	2021	3	2	1	33%
Student Transportation 6	2019	12	12	0	0%
Total		**15**	**14**	**1**	**7%**
Total		**57**	**42**	**15**	**26%**

1. Includes recommendations issued previously to the Newfoundland and Labrador English School District
2. Formerly Fisheries and Land Resources
3. Includes recommendations previously issued to Children, Seniors and Social Development.
4. Formerly Nalcor Energy
5. Formerly Transportation and Works
6. Includes recommendations previously issued to the Newfoundland and Labrador English School District.

Another way to assess recommendation status is by subject area. Again, we are particularly concerned with a number of reports that had low implementation rates. Table 3 displays the outstanding recommendations by report topic and the related accountable department or entity.

Three reports have low implementation rates or have not implemented any of our recommendations, yet the recommendations remain relevant today.

1. **Nalcor Energy – Compensation (2022): This report had an overall implantation rate of zero per cent, and there was only one recommendation from this report. Newfoundland and Labrador Hydro (formerly Nalcor Energy) has ongoing consultation regarding compensation relative to the rest of government, including a third-party review of compensation practices.** The recommendation ensures that compensation policies and practices within Newfoundland and Labrador Hydro (formerly Nalcor Energy) are fiscally responsible and aligned with government standards to promote effective use of public funds.

2. **Adult Custody and Community Corrections (2022): This report had an overall implementation rate of 17 per cent. The sole recommendation implemented related to the enactment of the Correctional Services Act. The five remaining recommendations were all partially implemented.** The implementation of the remaining outstanding recommendations is of the utmost importance as the appropriate rehabilitation and supervision of offenders in custody, and those serving sentences in the community, is a crucial part of protecting the public.

3. **Oversight of Provincial Wellness Priorities (2019): This report had an overall implementation rate of 50 per cent. While the Department of Health and Community Services fully implemented its four recommendations, the Department of Tourism, Culture and Recreation have not fully implemented any of its four recommendations. This has not changed since the previous year.** The recommendations remain relevant since the province continues to have some of the highest rates of chronic diseases in the country.

We commend the departments and entities that fully implemented the 21 recommendations on the following three report topics:

- Management of Firearms and Ammunition (2018); and
- Management of the Procurement of Goods and Services (2018); and
- Student Transportation (2019).

Table 3 - Recommendations Outstanding by Audit Topic

Nalcor Energy – Compensation - 2022

Entity	#	%
Newfoundland and Labrador Hydro 1	1	100%
Total	**1**	**100%**

Adult Custody and Community Corrections - 2022

Justice and Public Safety	5	83%
Total	**5**	**83%**

Oversight of Provincial Wellness Priorities - 2019

Tourism, Culture, Arts and Recreation	4	100%
Health and Community Services	-	0%
Total	**4**	**50%**

Healthy Eating in Schools - 2019

Education and Early Childhood Development 2	2	50%
Health and Community Services 3	-	0%
Total	2	**40%**

MV Veteran and MV Legionnaire - 2021

Transportation and Infrastructure	1	33%
Total	**1**	**33%**

Newfoundland and Labrador Liquor Corporation - 2020

Justice and Public Safety	1	100%
Newfoundland and Labrador Liquor Corporation	-	0%
Total	**1**	**20%**

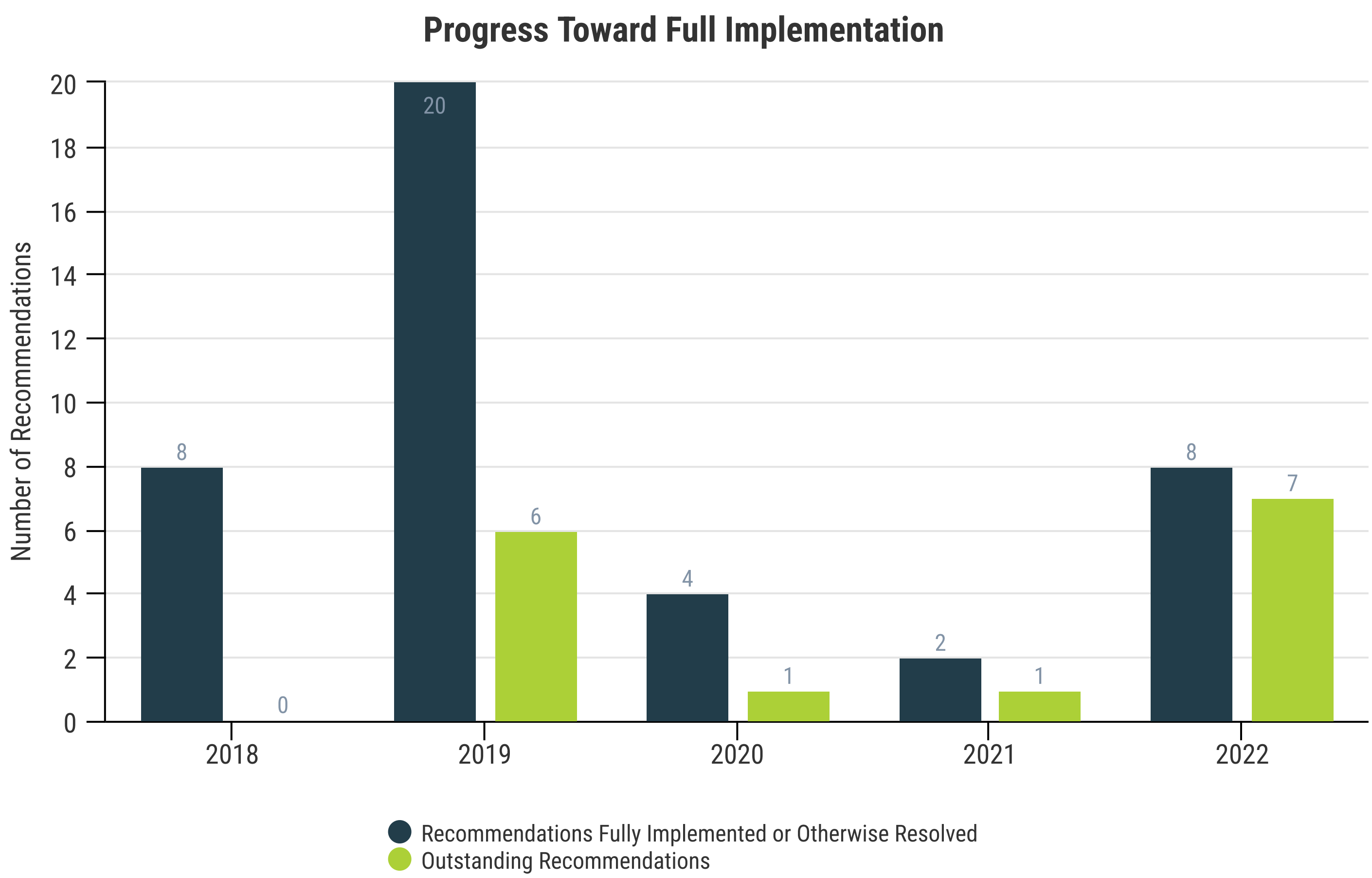
Nalcor Energy – 2022

Entity	#	%
Newfoundland and Labrador Hydro 1	1	13%
Total	**1**	**13%**
Total	**15**	**26%**

1. Formerly Nalcor Energy
2. Includes recommendations issued previously to the Newfoundland and Labrador English School District.
3. Includes recommendations previously issued to Children, Seniors and Social Development.

Our final performance audit recommendation analysis relates to progress toward full implementation or resolution. **We are concerned that recommendations issued up to seven years ago are not fully resolved and that seven of the 15 outstanding recommendations (47 per cent) are more than five years old. Particularly concerning are the subject areas that remain outstanding from the 2019 and 2020 reports.** Of these seven recommendations outstanding from the 2019 and 2020 reports, 57 per cent (4 recommendations) provided to the Department of Tourism, Culture and Recreation were related to the healthy active living priorities sector from the 2019 Oversight of Provincial Wellness Priorities report. As a result of these recommendations not being fully implemented, the lack of clear oversight, measurable performance indicators, and coordinated reporting frameworks could lead to suboptimal health outcomes. There may also be challenges for government departments and partners to effectively monitor, evaluate, and improve provincial wellness initiatives, and align Newfoundland and Labrador's health indicators with national targets by 2025.

The graph below demonstrates the progress towards full implementation or resolution by the year the report was issued.



Detailed Status of Recommendations (2018-2022)

The following details the 57 recommendations related to our 2018 to 2022 audit reports, sorted in order of department or entity, noting the 15 recommendations (26%) that remain outstanding.

Education and Early Childhood Development

Healthy Eating in Schools – 2019

Outstanding Recommendations	Partially Implemented	No Action
The Department of Education and Early Childhood Development (formerly Newfoundland and Labrador English School District) should develop and communicate a nutrition policy which applies to all regions.	●	
The Department of Education and Early Childhood Development (formerly Newfoundland and Labrador English School District) should identify information needed from schools to assist its ongoing oversight of healthy eating policies.	●	

Completed Recommendations

- The Department of Education and Early Childhood Development (formerly the Newfoundland and Labrador English School District) should work with schools and providers to ensure that foods and beverages meet the School Food Guidelines.
- The Department of Education and Early Childhood Development (formerly the Newfoundland and Labrador English School District) should work with schools to promote and make nutritional information available to assist healthy food choices.

Management of the Procurement of Goods and Services – 2018

Completed Recommendation

- The Department of Education and Early Childhood Development (formerly the Newfoundland and Labrador English School District) should set clear expectations for ethical organizational behaviour. This should include:
    - Establishing and communicating a written code of ethics and conduct that integrates conflict of interest prevention and management to all staff, including consequences of non-compliance with these standards.
    - Providing training to employees to promote an understanding of their role and responsibility for ethical organizational behaviour, including compliance with legislation and department (formerly the Newfoundland and Labrador English School District) policies and procedures.
    - Monitoring adherence to the standards of conduct, including establishing a reporting mechanism by which employees may report suspected violations of the standards.
    - Investigating allegations of violations of the standards on a timely basis and taking appropriate actions when allegations are substantiated.

- The Department of Education and Early Childhood Development (formerly the Newfoundland and Labrador English School District) should provide effective oversight on the development and performance of internal controls that were formerly the responsibility of the Newfoundland and Labrador English School District. This should include:
  - Developing a fraud risk management program that includes a fraud risk assessment to identify specific fraud risks, assess their likelihood and significance and implement and monitor appropriate controls to mitigate risks to an acceptable level.
  - Establishing a policy requiring a separate periodic evaluation of the effectiveness of the District's internal control environment with associated evaluation results and recommendations to be provided to the Board.
  - Implementing measures on a timely basis to address the significant internal control deficiencies outlined in this report and any other deficiencies identified through the recommended fraud risk management program and periodic evaluation of internal controls.
  - Conducting Board meetings with both the Internal and External auditors at least annually to discuss, for example, internal audit planning and any concerns identified with respect to internal controls or other financial matters.

Student Transportation – 2019

Completed Recommendation

- The Department of Education and Early Childhood Development should require the districts to establish and report on key performance indicators and targets for student transportation safety and efficiency.

Forestry, Agriculture and Lands

(Originally issued to Fisheries and Land Resources)

Management of Firearms and Ammunition – 2018

Completed Recommendations

- The department should establish and communicate comprehensive policies and procedures to guide staff in the acquisition, disposition, recording, storage, use, movement and monitoring of firearms and ammunition.
- The department should ensure the inventory system is complete and accurate including:
  - updating the system on a timely basis for each acquisition, disposition and transfer of firearms and ammunition;
  - maintaining transaction history, supporting documentation, and relevant information for each inventory item; and
  - reconciling the inventory system and the Federal firearms registry on a periodic basis with inventory counts and investigating any discrepancies.
- The department should ensure the Federal firearms registry is updated on a timely basis for firearms that are acquired, lost, stolen or disposed of as required by legislation.
- The department should ensure secure access to, and storage of, firearms and ammunition at all storage locations throughout the province.
- The department should consider segregating the custody and record-keeping duties of staff involved with the firearms inventory, and if not practical to do so, ensure mitigating controls are in place.
- The department should develop an oversight framework for monitoring inventory management processes including establishing policies that:
  - outline the content and frequency of inventory reports to be reviewed by senior management for monitoring changes to inventory, inventory usage and inventory levels in relation to the delivery of its programs and staffing levels;
  - require annual and periodic inventory counts, including surprise counts; and
  - require the periodic review of the effectiveness of inventory controls and an assessment of any risks identified.

Health and Community Services

Healthy Eating in Schools – 2019

Completed Recommendation

- The Department of Health and Community Services (formerly Children, Seniors and Social Development), in conjunction with other departments, should consider updating the School Food Guidelines to meet best practices.

Oversight of Provincial Wellness Priorities - 2019

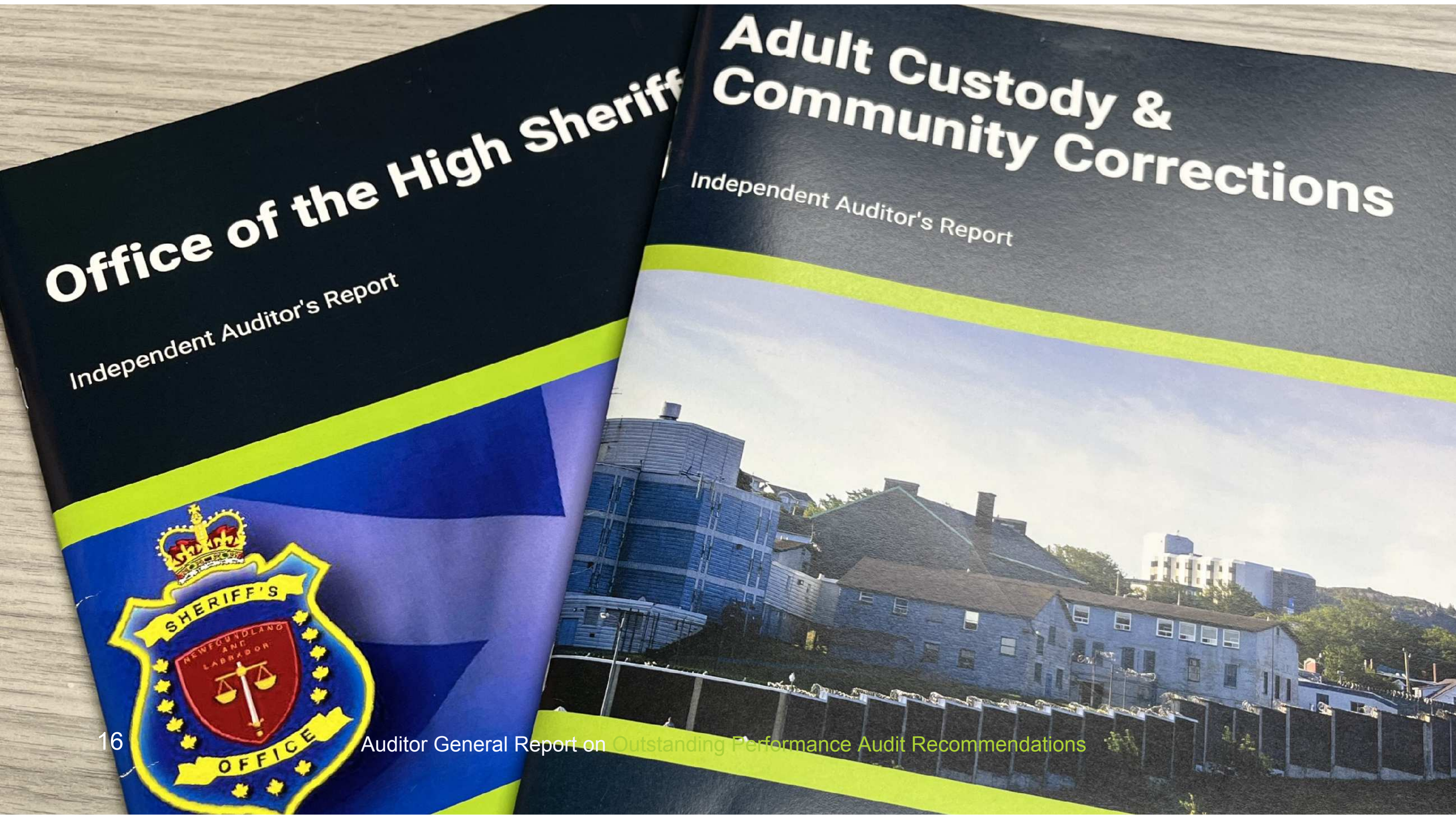
Completed Recommendations

- The Department of Health and Community Services should continue to develop an action plan for healthy active living to support government's health outcome targets and bring indicators in line with the Canadian average by 2025.
- The department should continue to develop a monitoring/evaluation framework for overall healthy active living programming and ongoing assessment of progress against targets and desired outcomes.
- The department should develop a reporting framework for partnering departments on the information required to monitor, evaluate and report on the progress of healthy active living priorities.
- The department should work with partnering departments to improve the effectiveness of oversight of provincial healthy active living priorities across government.

Justice and Public Safety

Newfoundland and Labrador Liquor Corporation - 2020

Outstanding Recommendation	Partially Implemented	No Action
The department should adequately address conflicts of interest within the public service and Crown entities, including consideration of any legislative amendments required to improve accountability and transparency.	●	



Adult Custody and Community Corrections – 2022

Outstanding Recommendations	Partially Implemented	No Action
The Department of Justice and Public Safety should ensure that all adult custody and community corrections policies are complete, current, reflect best practice, communicated, and monitored regarding the rehabilitation and management of offenders.	●	
The Department of Justice and Public Safety should ensure classification and probation officers have current, adequate training in all aspects of managing adult offenders, including the establishment of formal information transfer processes to improve correctional services.	●	
The Department of Justice and Public Safety should ensure that rehabilitation programming is available and accessible to all offenders.	●	
The Department of Justice and Public Safety should ensure that release planning is available and accessible to all offenders in custody.	●	
The Department of Justice and Public Safety should ensure that probation officers are supervising offenders in the community in accordance with established standards and are monitoring and enforcing compliance with court ordered conditions.	●	

Completed Recommendation

- The Department of Justice and Public Safety should complete the work necessary for the government to enact the 2011 Correctional Services Act.

Newfoundland and Labrador Hydro (formerly Nalcor Energy)

Nalcor Energy – 2022

Outstanding Recommendation	Partially Implemented	No Action
Newfoundland and Labrador Hydro (formerly Nalcor Energy) should ensure it has processes for the staffing of projects, particularly as it relates to assessing the cost-effectiveness of temporary employees versus contractors; consistent contract terms for allowances; and the continuous management of staffing mix and cost.	●	

Completed Recommendations

- Newfoundland and Labrador Hydro (formerly Nalcor Energy) should ensure discretionary expense policies and procedures are clearly defined and include clear spending limits and approval requirements.
- Newfoundland and Labrador Hydro (formerly Nalcor Energy) should ensure discretionary expenditures are appropriately projected, managed and monitored through the budget approval process and internal control processes.
- Newfoundland and Labrador Hydro (formerly Nalcor Energy) should manage its discretionary expenses in a manner that ensures the best possible use of public money, by aligning discretionary expenses policy with government policy whenever possible.
- Newfoundland and Labrador Hydro (formerly Nalcor Energy) should ensure its conflict of interest policies, procedures, training and guidance documents are clear and comprehensive to make certain that conflict of interest considerations are incorporated into all relevant processes and to ensure employees, board members and embedded contractors know the protocols should they find themselves in a conflict of interest situation.
- Newfoundland and Labrador Hydro (formerly Nalcor Energy) should ensure it manages and monitors conflict of interest procedures in a complete and timely manner to ensure the procedures are appropriately followed by employees, board members and embedded contractors.
- Newfoundland and Labrador Hydro (formerly Nalcor Energy) should ensure it has complete and adequate information to facilitate assessing and monitoring all aspects of project costs pertaining to embedded contractors.
- Newfoundland and Labrador Hydro (formerly Nalcor Energy) should ensure it has effective procedures and controls over any contractual relationship, including those involving positions of authority, to mitigate the risk and likelihood of conflict of interest.

Nalcor Energy – Compensation - 2022

Outstanding Recommendation	Partially Implemented	No Action
Newfoundland and Labrador Hydro (formerly Nalcor Energy) should re-evaluate its compensation policies and practices to ensure the best possible use of public money, including consideration of alignment with government classification, pay scales, and benefits policies.	●	

Newfoundland and Labrador Liquor Corporation

Newfoundland and Labrador Liquor Corporation – 2020

Completed Recommendations

- The Liquor Corporation should ensure that the introduction of new sales programs is supported by an approved business case.
- The Liquor Corporation should ensure that the acquisition of specialty wines follows a well-documented process with procurement transparency and accountability.
- The Liquor Corporation should ensure prescribed guidance for the pricing of all products, pricing exceptions, and transparency in pricing.
- The Liquor Corporation should ensure that all staff are aware of travel, entertainment and board expense policies, and that expense reimbursement is supported by adequate documentation to reduce the risk of overpayment related to travel, entertainment and board expenses.

Tourism, Culture, Arts and Recreation

Oversight of Provincial Wellness Priorities - 2019

Outstanding Recommendations	Partially Implemented	No Action
The Department of Tourism, Culture, Arts and Recreation should continue to develop an action plan for healthy active living to support government's health outcome targets and bring indicators in line with the Canadian average by 2025.	●	
The department should develop a monitoring/evaluation framework for overall healthy active living programming and ongoing assessment of progress against established targets and desired outcomes.	●	
The Department of Tourism, Culture, Arts and Recreation should develop a reporting framework for partnering departments on the information required to monitor, evaluate and report on the progress of healthy active living priorities.	●	
The Department of Tourism, Culture, Arts and Recreation should work with partnering departments to improve the effectiveness of oversight of provincial healthy active living priorities across government.	●	

Transportation and Infrastructure

Student Transportation – 2019

Completed Recommendations

- The Department of Transportation and Infrastructure (originally issued to Newfoundland and Labrador English School District) should improve its monitoring and enforcement of driver training.
- The Department of Transportation and Infrastructure (originally issued to Newfoundland and Labrador English School District) should improve its monitoring of vehicle inspection processes.
- The Department of Transportation and Infrastructure (originally issued to Newfoundland and Labrador English School District) should develop staff guidance on assessing and meeting District expectations for qualified drivers.
- The Department of Transportation and Infrastructure (originally issued to Newfoundland and Labrador English School District) should ensure approval of contracted vehicles and drivers occur prior to the start of the school year.
- The Department of Transportation and Infrastructure (originally issued to Newfoundland and Labrador English School District) should review its practice of accepting CPR Level A for drivers used in student transportation.
- The Department of Transportation and Infrastructure (originally issued to Newfoundland and Labrador English School District) should reiterate its expectations of and require confirmation from schools on the required components of bus safety training for students.
- The Department of Transportation and Infrastructure (originally issued to Newfoundland and Labrador English School District) should continue efforts to fully implement its risk management program, including the risks related to the safe transportation of students.
- The Department of Transportation and Infrastructure (originally issued to Newfoundland and Labrador English School District) should continue efforts to improve its complaints and accident/incident system and provide guidance on it.
- The Department of Transportation and Infrastructure (originally issued to Newfoundland and Labrador English School District) should continue efforts to fully implement the routing software.

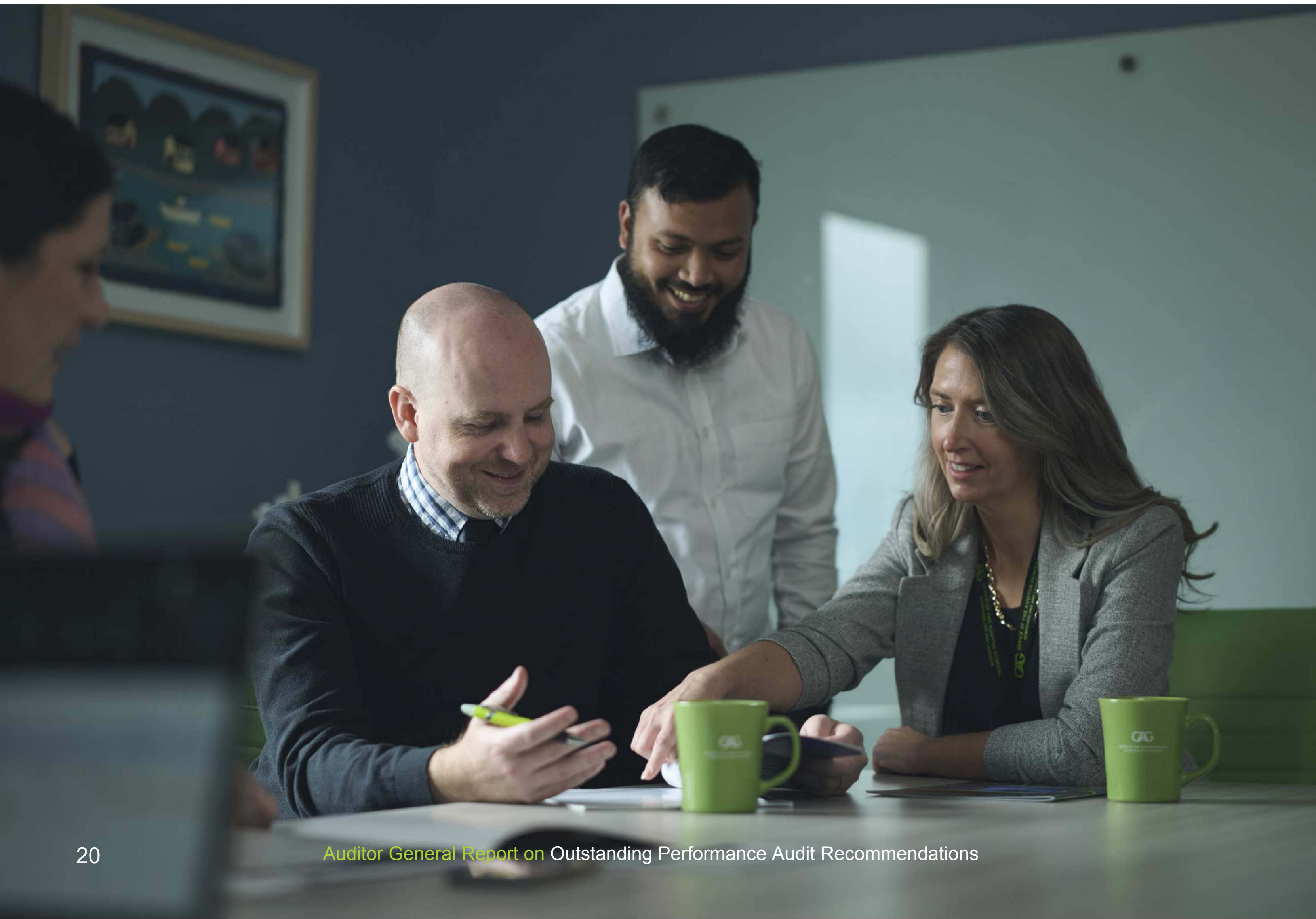
- The Department of Transportation and Infrastructure (originally issued to Newfoundland and Labrador English School District) should ensure schools are complying with Department policy for student transportation eligibility.
- The Department of Transportation and Infrastructure (originally issued to Newfoundland and Labrador English School District) should develop a training requirements policy for District-owned bus drivers.
- The Department of Transportation and Infrastructure (originally issued to Newfoundland and Labrador English School District) should conduct regular route audits and evaluate the findings from the pilot of the GPS technologies.

MV Veteran and MV Legionnaire – 2021

Outstanding Recommendation	Partially Implemented	No Action
The Department of Transportation and Infrastructure (formerly Transportation and Works) should ensure root causes for significant mechanical issues and recurring mechanical issues of vessels are identified and addressed in a timely manner.	●	

Completed Recommendations

- The Department of Transportation and Infrastructure (formerly Transportation and Works) should establish and follow a project management process for the procurement of vessels that follows leading practice, with particular attention paid to risk management, onsite supervision, document management and training.
- The Department of Transportation and Infrastructure, with cooperation from other departments, should ensure that all opportunities for potential industrial benefits are identified, pursued and documented.



Ongoing Implementation

The Office of the Auditor General Newfoundland and Labrador delivered four performance audit reports during 2023: Food Premises Inspection and Licensing Program, Innovation and Business Investment Corporation, Office of the High Sheriff and Memorial University.

Status of Recommendations

We expect that it is reasonable for entities to fully implement recommendations within three years of the audit report being issued. As part of the monitoring process, an initial follow-up on the recommendations contained in reports is conducted approximately two years after the release of a report. Entities self-report their implementation status and their responses are unaudited. The progress of these reports is reported as of August 31, 2025.

Department of Health and Community Services
Department of Government Services (formerly Digital Government and Service NL)

Food Premises Inspection and Licensing Program – May 2023

The report covered the audit period from April 2019 to December 2021. Its objective was to determine whether the Department of Government Services (formerly Digital Government and Service NL) effectively manages the Food Premises Inspection and Licensing Program; and whether the program has effective monitoring and oversight by the Departments of Government Services (formerly Digital Government and Service NL) and Health and Community Services.

Health and Community Services' policies and guidelines were found to be outdated. There were no established oversight processes beyond the requirements for Government Services (formerly Digital Government and Service NL) to submit annual reports, which were not received during our scope period. There were no established processes to ensure policies and guidelines are followed by Government Services (formerly Digital Government and Service NL). The Memorandum of Understanding between the two departments has not been updated since 1999, although it is required to be updated annually.

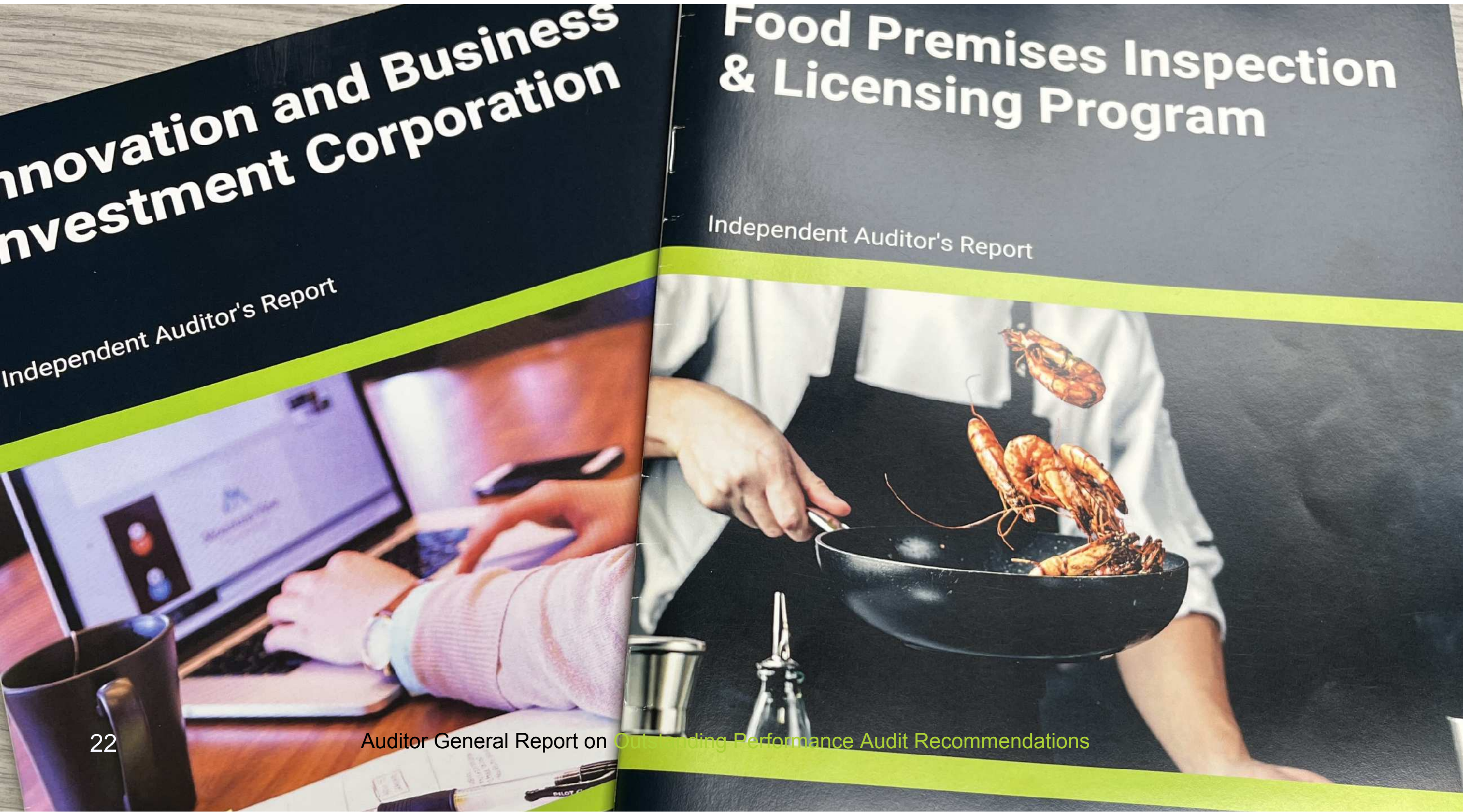
The departments did not meet regularly; this lack of communication may have made it difficult for both parties to fulfill their roles which could have resulted in the program not being implemented in a way that aligns with health standards, ultimately increasing the risk to public health. Government Services (formerly Digital Government and Service NL) did not carry out the minimum required number of inspections annually. The department incorrectly calculated inspection statistics which may have indicated better than actual performance. Remote parts of the province were susceptible to extended periods without inspections. Data inaccuracies were found in the records management system.

Physical documentation was not always maintained. There were effectiveness and efficiency issues with the department's records management system. File audits were not conducted and file audit protocol contained gaps. We were unable to determine whether public complaints were handled in accordance with policy. There was no established process for the submission of public complaints. Newfoundland and Labrador makes less detailed information regarding food premises inspection results available to the public, in comparison to some other provinces.

We concluded that the Department of Health and Community Services did not maintain proper oversight of the Food Premises Inspection and Licensing Program. We also concluded that the Department of Government Services did not effectively manage some aspects of program operations, possibly increasing the overall risk to public health.

The Public Accounts Committee held a public hearing for this report topic on June 20,2024.

Recommendations	Self-Reported Implementation Status (unaudited)		
	Fully Implemented or Otherwise Resolved	Partially Implemented	No Action
The Department of Health and Community Services should establish processes to ensure the effective oversight of the Food Premises Inspection and Licensing Program.		●	
The Department of Health and Community Services and the Department of Government Services (**i**) should evaluate the Memorandum of Understanding annually as required.	●		
The Department of Government Services (formerly Digital Government and Service NL) should establish processes to ensure effective monitoring of the Food Premises Inspection and Licensing Program.		●	
The Department of Government Services i (formerly Digital Government and Service NL) should provide the Department of Health and Community Services with the required reports timely as required by the Memorandum of Understanding.	●		
The Department of Government Services i(formerly Digital Government and Service NL) should ensure the licensing and inspection of the food premises, including those in remote locations, is carried out in accordance with legislation, policies, guidelines and the Memorandum of Understanding.	●		



Department of Tourism, Culture, Arts and Recreation
Department of Energy and Mines
(formerly the Department of Industry, Energy and Technology)

Innovation and Business Investment Corporation – June 2023

This report covered the audit period from June 1, 2018 to December 31, 2021. Its objectives were to determine whether the Innovation and Business Investment Corporation's grant programs and Business Investment Fund were effectively managed; and whether the COVID-19 support programs, Small Business Assistance Program, and the Tourism and Hospitality Support Program, which were administered by the Corporation, had effective management and oversight.

We concluded that the Innovation and Business Investment Corporation did not effectively manage all aspects of its grant, loans and investment programs, increasing the risk that ineligible businesses were supported or that funds were used for inappropriate purposes. Grant Programs were not effectively managed; applicants' eligibility was not always confirmed; required clearance checks were not always completed; and cross-departmental coordination was lacking. While the corporation did manage the loans and investments assessment processes well, it did not manage the execution and issuance of its loans and investments program effectively. Required documentation to ensure applicants were not in arrears with government was not always obtained, nor were financial checks; the financial health of the Corporation's loan portfolio was also not sufficiently managed. Covid-19 programs were not effectively managed or overseen, and as a result, there were overpayments to some businesses and financial support given to ineligible businesses. There were also inconsistencies between the Corporation's external and internal guidelines, which resulted in inconsistency across applicant funding decisions and a lack of clarity.

The Public Accounts Committee held a public hearing for this audit topic on June 20, 2024.

Recommendations	Self-Reported Implementation Status (unaudited)		
	Fully Implemented or Otherwise Resolved	Partially Implemented	No Action
The Innovation and Business Investment Corporation should ensure that all policies and procedures are appropriate, regularly reviewed and updated, with updates approved and enacted in a timely manner.		●	
The Innovation and Business Investment Corporation should ensure that all policies, procedures and contract terms for grants are followed and fully documented, including application assessments, approvals, payments and exceptions.	●		
The Innovation and Business Investment Corporation should ensure that all policies and procedures for loans and investments are followed and fully documented, including monitoring, collections, debtor management and restrictions based on bad debt.		●	
The Innovation and Business Investment Corporation should ensure that concerns raised by staff working directly with applicant information and the resolutions of such are dealt with and fully documented as part of basic due diligence.	●		

Recommendations	Self-Reported Implementation Status (unaudited)		
	Fully Implemented or Otherwise Resolved	Partially Implemented	No Action
The Department of Energy and Mines (formerly Industry, Energy and Technology) should determine the full extent of ineligible applicants and applicant overfunding that occurred in the Small Business Assistance and Tourism and Hospitality Support programs and pursue collection.		●	
The Department of Energy and Mines (formerly Industry, Energy and Technology) should ensure that any future grant programs have appropriate policies and procedures designed and implemented which would address the issues identified in our audit.	●		
The Department of Tourism, Culture, Arts and Recreation should determine the full extent of ineligible applicants and applicant overfunding that occurred in the Small Business Assistance and Tourism and Hospitality Support programs and pursue collection.		●	
The Department of Tourism, Culture, Arts and Recreation should ensure that any future grant programs have appropriate policies and procedures designed and implemented which would address the issues identified in our audit.		●	

Department of Justice and Public Safety

Office of the High Sheriff – September 2023

This report covered the audit period from April 2020 to December 2022. Its objectives were to determine whether the Office of the High Sheriff had the financial control processes and related staff competencies and complement in its Judgement Enforcement and Accounts Branch to fulfill its operational responsibilities, as well as efficient processes for swipe card and camera system operations in its Court Security Branch and to determine whether the Department of Justice and Public Safety provided effective oversight to support the responsibilities and legislative requirements of the Office.

The Department of Justice and Public Safety did not provide effective oversight in support of the responsibilities and legislative requirements of the Office of the High Sheriff. The Office did not have the financial control processes or the related staff competencies and complement to fulfill its operational responsibilities for receiving and distributing court-ordered payments. While no error or fraud could have increased. We were unable to determine whether the Office’s processes for building swipe card access and camera system operations were administratively efficient. Communication between the department and the Office was informal and undocumented. The department was also slow to respond to critical financial reporting and vacancy issues within the Office. As of April 2020, annual audits had not been completed since 2017; and prior to January 2022, there was limited evidence to indicate that Justice and Public Safety took steps to seriously address this issue. In 2017, the Manager of Financial Operations position was eliminated, likely impacting the Office's ability to process and prepare legislatively required financial information for audit.

The Public Accounts Committee held a public hearing for this audit topic on June 20, 2024.

Preliminary Status (unaudited)	Self-Reported Implementation Status (unaudited)		
	Fully Implemented or Otherwise Resolved	Partially Implemented	No Action
The Department of Justice and Public Safety should create a formalized oversight process, including a review of the relevant legislation, to support the High Sheriff in their responsibilities and legislative requirements.		●	
The Office of the High Sheriff should ensure financial control processes are complete, formally documented, and implemented appropriately.		●	
The Office of the High Sheriff should perform a formal evaluation of its Judgement Enforcement and Accounts branch to ensure they have the appropriate staff competencies and complement to fulfill appropriate administrative and financial control processes.		●	

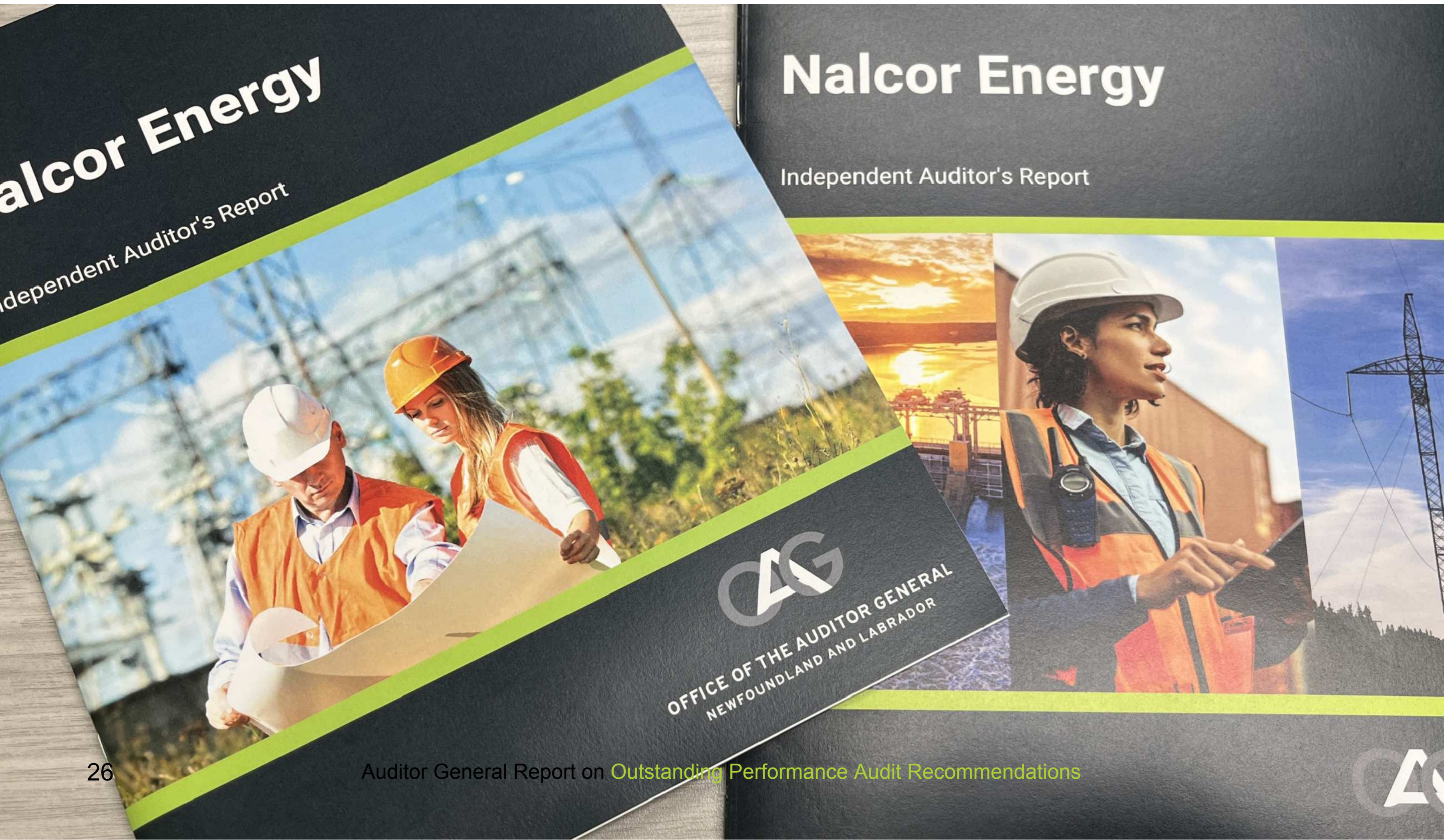
Memorial University

Memorial University – October 2023

This report covered the audit period from April 2019 to December 2022. Its objectives were to determine whether Memorial University's executive and management compensation was comparable to the provincial government and other universities of a similar nature; whether Memorial University managed operating expenses in a manner that ensured the best use of public money; and whether Memorial University had effective oversight processes to manage operations.

We found there were administrative governance weakness that impaired Memorial's ability to maintain effective oversight of its entities and operations . Memorial did not clearly define roles, responsibilities and accountabilities, resulting in a decentralized structure where spending and hiring autonomy have contributed to higher administrative costs as compared to other universities. Memorial did not effectively monitor its financial information, activities from delegated authorities, compensation, and expenses in a meaningful way. Compensation costs were Memorial's largest operating expense, and we found that its salaries and benefits continue to be higher than the provincial public service for the same classification of work. Almost one third of Memorial's expenses are the responsibility of the President and are not routinely reviewed by the Board. The Board of Regents does not have a decision-making and directing role in its relationship with Memorial's five entities, even though Memorial acknowledges it controls them.

Preliminary Status (unaudited)	Self-Reported Implementation Status (unaudited)		
	Fully Implemented or Otherwise Resolved	Partially Implemented	No Action
Memorial University should evaluate its oversight functions, across its entire operation, to ensure alignment of policies, appropriate management of the organization, and the best possible use of public resources.		●	



Preliminary Status (unaudited)	Self-Reported Implementation Status (unaudited)		
	Fully Implemented or Otherwise Resolved	Partially Implemented	No Action
Memorial University should ensure that the Board of Regents, executive and administrative management have the necessary financial information and analysis, in a sufficiently detailed and timely manner, to facilitate appropriate oversight of the operations of the University.		●	
Memorial University should ensure that all executive and administrative management position roles and responsibilities are clearly defined, documented and communicated, with appropriate performance measures in place for evaluation.		●	
Memorial University should evaluate its administrative structure for potential operational efficiencies, with consideration given to the combination or realignment of administrative roles or activities to ensure effective risk management and the best use of public resources.		●	
Memorial University should ensure that all University policies and procedures are complete and regularly reviewed, with updates approved and implemented in a timely manner.		●	
Memorial University should evaluate its compensation policies and practices, across its entire operation, including consideration of alignment with government classification, pay scales, and benefits policies, to ensure the best possible use of public resources.		●	
Memorial University should ensure all University operating expenses are reasonable and appropriately monitored, to ensure the best possible use of public resources.		●	
Memorial University should ensure conflict of interest and fraud risk management processes are in place and working effectively so that transactions are free of perceived or real conflicts and any potential error or fraud is managed effectively.		●	

2024-2025 Reports

There were eight reports released between 2024 and 2025 by our office that are not included in this year's monitoring report because they are within the initial two-year implementation period:

- Oil and Gas Corporation (June 2024);
- House of Assembly Members & Ministers Expenditures (July 2024);
- Administration of Crown Lands (October 2024);
- Memorial University Facilities Management (January 2025);
- Medical Care & Dental Health Plans (March 2025);
- Personal Care Homes (April 2025);
- Health Sector Contracts – Phase 1 (June 2025); and
- Royal Newfoundland Constabulary – Management of Inventory & Employee Training (July 2025).

Unresolved Recommendations

The outstanding recommendations from reports issued in 2017 are no longer monitored by our office, as they fall outside our seven-year continuous monitoring framework. As of August 31, 2024, there were 17 recommendations (**i**) from reports issued in 2017 that had been partially implemented as per our January 2025 report. These recommendations, however, remain relevant and the responsible entities should continue to make progress toward full implementation of all recommendations issued by our office.

Entity	Report	Outstanding Recommendation
Board of Commissioners of Public Utilities	Compensation Practices in Government Entities	The Board of Commissioners of Public Utilities should work with the Treasury Board Secretariat (formerly the Human Resource Secretariat) to determine whether their compensation policies and practices should be consistent with Government policy, and where deemed appropriate, identified inconsistencies should be assessed.
Executive Council	Compensation Practices in Government Entities	The Treasury Board Secretariat (formerly the Human Resource Secretariat) should complete its review of Government compensation policies, as directed by Cabinet.
		The Treasury Board Secretariat (formerly the Human Resource Secretariat) should determine which Government entities should comply with existing and revised compensation policies.
		The Treasury Board Secretariat (formerly the Human Resource Secretariat) should consider whether legislative change is necessary to clarify the role of boards of directors of Government entities in following Government compensation policies.
PictureNL (formerly the Newfoundland and Labrador Film Development Corporation)	Compensation Practices in Government Entities	PictureNL (formerly the Newfoundland and Labrador Film Development Corporation) should work with the Treasury Board Secretariat (formerly the Human Resource Secretariat) to determine whether their compensation policies and practices should be consistent with Government policy, and where deemed appropriate, identified inconsistencies should be assessed.
Newfoundland and Labrador Health Services (was issued to Central Regional Health Authority)	Compensation Practices in Government Entities	Newfoundland and Labrador Health Services (originally issued to Central Regional Health Authority) should work with the Treasury Board Secretariat (formerly the Human Resource Secretariat) to determine whether their compensation policies and practices should be consistent with Government policy, and where deemed appropriate, identified inconsistencies should be assessed.
Newfoundland and Labrador Liquor Corporation	Compensation Practices in Government Entities	The Liquor Corporation should work with the Treasury Board Secretariat (formerly the Human Resource Secretariat) to determine whether their compensation policies and practices should be consistent with Government policy, and where deemed appropriate, identified inconsistencies should be assessed.

Entity	Report	Outstanding Recommendation(s)
Newfoundland and Labrador Health Services	Provincial Home Support Program	Newfoundland and Labrador Health Services (originally issued to Eastern Regional Health Authority and Western Regional Health Authority) should complete clinical and financial assessments within established timeframes and should assess home support services for seniors at least annually.
		Newfoundland and Labrador Health Services (originally issued to Eastern Regional Health Authority and Western Regional Health Authority) should ensure that they contact seniors in accordance with established timeframes.
		Newfoundland and Labrador Health Services (originally issued to Eastern Regional Health Authority) should ensure that they receive required financial reports and records annually from seniors who self-manage their home support services. Newfoundland and Labrador Health Services (formerly Eastern Regional Health Authority) should review these reports and any financial records in the initial year as required and establish a process to review financial records on a more frequent basis beyond the initial year.
		Newfoundland and Labrador Health Services (originally issued to Eastern Regional Health Authority and Western Regional Health Authority) should monitor the home support hours received by seniors and follow up on instances in which seniors were not provided with the home support hours they had been approved to receive.
Transportation and Infrastructure (formerly Transportation and Works)	Road Quality	The department should implement a system to track road conditions, identify maintenance priorities and support roadwork decisions. The department should also evaluate how to objectively assess road conditions.
		The department should develop a structured maintenance program that considers the pavement lifecycle and includes information on the type of maintenance required, maintenance schedules and frequency.
		The department should establish a centralized location for receiving road complaints and document complaint information and action taken.

I. Some recommendations are combined to align with changes made to government structure subsequent to the issuance of the report. As such, this number is the total when not combined.

This page is intentionally left blank

This page is intentionally left blank

This page is intentionally left blank

Appendix - About Us

Vision
Promoting positive change and accountability in the public sector through impactful audits.

Mission
To promote accountability in government's management and use of public resources and encourage positive change in its delivery of programs and services.

Values
Above all else, the Office of the Auditor General must have independence, credibility and integrity. These are essential to everything we do and critical to our success. The Office of the Auditor General complies with professional and office standards to produce relevant and reliable audit reports. The Office of the Auditor General's independence of government, in fact, and in appearance, provides objective conclusions, opinions and recommendations on the operations of government and crown agencies. Our staff work in a professional and ethical manner, ensuring respect, objectivity, trust, honesty and fairness.

OAG Team
The Auditor General and Deputy Auditor General wish to thank the diligent team who performed their work with independence, credibility and integrity:

- Lindy Stanley, CPA, Assistant Auditor General
- Adam Lippa, CPA, CISA, CISM, Audit Principal
- Alex Blanchard, Auditor II
- Michael Flynn, Auditor II

The Auditor General also would like to thank Chrysta Collins, Manager of Communications, for report editing and design.

Mailing Address

P.O. Box 8700, St. John’s
Newfoundland and Labrador
Canada, A1B 4J6

Civic Address

43 Major's Path, St. John’s
Newfoundland and Labrador

Email

oagmail@oag.nl.ca

Phone

(709) 729-2700

Website

www.ag.gov.nl.ca

Follow Us on Social Media

OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR