

20.**CLAIMS UNDER FEDERAL-PROVINCIAL AGREEMENTS****INTRODUCTION**

20.1 The Province has entered into a number of agreements with the Government of Canada for various cost-shared programs. Our Office audits programs and sub-programs under certain of these agreements. For the year ended March 31, 1998, we commenced audits of claims under six separate agreements (although not all of these audits were completed at the time of the writing this Report). The agreements were administered by three government departments and two Provincial agencies. Total estimated expenditures under these agreements amounted to \$23 million of which \$15 million is estimated to be recoverable from the Government of Canada. Since our last Report, we also finalized the audits of claims under five separate agreements for the year ended March 31, 1997.

20.2 Our responsibility is to determine whether the departments and agencies concerned have complied with the terms of the agreements and whether the amounts incurred and claimed are in accordance with the agreements. Also, as part of our audits, we review and evaluate the systems used to control the processing of expenditures under the agreements.

PRINCIPAL FINDINGS***Reservation of Opinion***

20.3 This year there were two cases where it was necessary to express reservations of opinion.

20.4 *Canada/Nova Scotia Development Fund Agreement* - Consulting and Audit Canada is contracted by Natural Resources Canada to conduct an annual audit of expenditures incurred under this agreement. We qualified our audit opinion on the 1996-97 claim because the Management Committee responsible for the agreement had not determined whether it would accept the adjustments recommended in the audit report prepared by Consulting and Audit Canada for the year ended March 31, 1997.

20.5 *Agreement on Sustainable Economic Development* - We qualified our audit opinion on the 1996-97 claim under this Agreement. We were unable to determine whether the correct amounts were paid to applicants for projects administered by the former Nova Scotia Centre for Environmentally Sustainable Economic Development, based upon the information contained in the project files. We were also unable to determine which projects had been approved by the Federal/Provincial Management Committee and claimed under the Nova Scotia Environment Industries and Technologies program.

Client Readiness

20.6 We consider client readiness to be a critical factor in the timely completion of claims audits.

20.7 *Agreements on Canada Assistance Plan and Vocational Rehabilitation of Disabled Persons* - We have not finalized the audits of the claims under these two agreements for the fiscal year ended March 31, 1996 because we are awaiting information from the Department of Community Services. We have not started our audit of the claim under the Vocational Rehabilitation of Disabled Persons Agreement for the fiscal year ended March 31, 1997 because we have not yet received the claim.

The Canada Assistance Plan agreement expired on March 31, 1996, thus there is no 1996-97 claim to be audited for this agreement.

Other Findings

20.8 As a result of our claims audits, we have other findings and observations concerning the management and control of Federal/Provincial Agreements. Although they were not of a sufficient magnitude to require a reservation of opinion, some are significant enough to include in this Report.

20.9 *Canada/Nova Scotia Development Fund Agreement* - Under the Industrial Assistance - Shipyard Assistance Program, applicants are required to fund 25% of the total project cost by means of internal funding or a repayable loan from the Province. The Province is required to spend a sum equivalent to the repaid portion of the loans on additional infrastructure projects. The Management Committee responsible for the agreement has not resolved a number of issues related to the Program. These issues relate to the write-off of amounts owed to the Province, whether interest received on these loans should be returned to the Fund to reduce the total cost of the program, and how the proceeds of the potential sale of two shipyards will be allocated between the Province and the Fund.

20.10 *Agreement on Legal Aid* - Applicants who request legal aid services from the Nova Scotia Legal Aid Commission are required to complete application forms. We noted instances where applications were not fully completed, and for some applicants there was insufficient information on file for us to determine whether they met the Commission's financial eligibility requirements.
