SPECIAL REPORT OF THE AUDITOR GENERAL
TO THE HOUSE OF ASSEMBLY
11 March 2004

pursuant to Section 12(1) of the *Auditor General Act*

This Report is submitted to the House of Assembly under the authority of Section 12(1) of the *Auditor General Act* (the *"Act"*) relating to the refusal of the Newfoundland and Labrador Liquor Corporation (the Corporation) to provide information necessary for me to complete my review of the Liquor Licensing and Enforcement Program. Section 12(1) of the *Act* states that:

> *12(1) The auditor general shall as he or she considers necessary but at least annually report to the House of Assembly on*
>
> *(b) whether, in carrying out the work of the office, the auditor general received all the information including reports and explanations the auditor general required;*

The requirement for providing my Office with access to such information comes from section 17 of the *Act* which states that *"Except as provided by another Act that expressly refers to this section, every department of government, every agency of the Crown and every Crown controlled corporation shall furnish the auditor general with information regarding its power, duties, activities, organization, financial transactions and methods of business as the auditor general requires, and the auditor general shall be given access to all books, accounts, financial records, reports, electronic data processing records, explanations, files and all other papers, things or property belonging to or in use by the department, agency of the Crown or Crown controlled corporation and necessary to the performance of the duties of the auditor general under this Act."*

In 2003 my Office completed a review of the Newfoundland and Labrador Liquor Corporation, the results of which were reported in Part 2.14 of the Report of the Auditor General to the House of Assembly on Reviews of Departments and Crown Agencies for the year ended 31 March 2003. The review of the Liquor Licensing and Enforcement Program is a continuation of that review.

On 19 January 2004, I wrote the Chair of the Corporation and the Deputy Minister of Government Services advising them of the intended review and requesting that they inform their officials accordingly. The Department of Government Services has been very cooperative and my work is progressing as planned. However, the Board of the Newfoundland and Labrador Liquor Corporation has refused to provide me with access to the information maintained by the Corporation.

By way of background:

- On 26 February 2004, the Board provided me with a copy of its legal opinion concluding that my Office did not have the mandate to conduct the proposed review.

- On 1 March 2004, I wrote the Board (*letter attached*) indicating that my Office had obtained legal opinions in the past related to the mandate of the Office of the Auditor General. I indicated that, in my opinion, my Office has the mandate to conduct the proposed review. I provided copies of reviews, similar in nature to the proposed review of the Liquor Licensing and Enforcement Program, that my Office had completed in the past. In particular I noted that in 1987 my Office had conducted a review of the Newfoundland Liquor Licensing Board without any restriction.

- On 8 March 2004, the Board wrote indicating that it had decided not to *"...participate in the review of the Liquor Licensing and Enforcement program...."*

Under the provisions of the *Auditor General Act*, when a department of Government, agency of the Crown or Crown controlled corporation refuses to provide information necessary for the performance of my duties under the *Act*, my responsibility as Auditor General is to report the matter to the House of Assembly. Accordingly, I am informing the House of Assembly of the refusal of the Newfoundland and Labrador Liquor Corporation to provide information necessary for me to complete my review of the Liquor Licensing and Enforcement Program.

JOHN L. NOSEWORTHY, C.A.
Auditor General

Attachment