

June 2014

FOLLOW-UP REPORT: UPDATES ON THE IMPLEMENTATION OF RECOMMENDATIONS FROM RECENT REPORTS

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AT-A-GLANCE SUMMARY

In this report:

18

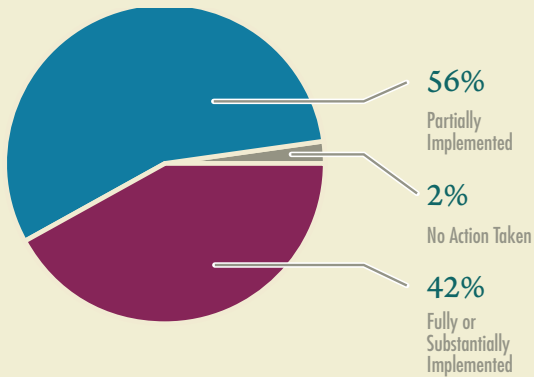
self-assessments completed
by government entities

66

recommendations self-reported on:

- 28 fully or substantially implemented
- 37 partially implemented
- 1 no action taken

Self-Reported Status: June 2014





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The Honourable Linda Reid
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
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Dear Madame Speaker:

As mandated under Section 11 of the *Auditor General Act*, I have the honour to transmit to the Speaker of the Legislative Assembly of British Columbia my *Follow-up Report: Updates on the implementation of recommendations from recent reports*.

This report includes 18 self-assessments from audited entities as well as five progress audits.

As always, I will continue to follow up as necessary on recommendations that are not fully implemented.

Russ Jones, MBA, CA
Auditor General
Victoria, British Columbia
June 2014

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THE RECOMMENDATIONS CONTAINED in my reports identify areas where government entities can become more effective and efficient. Therefore, it is critical that my Office follows up on the recommendations to ensure that British Columbians receive full value for money from my Office's work.

We do this in the form of a twice-yearly follow-up report, which contains self-assessments completed by audited agencies. These forms are published unedited and are not audited.

This report contains 18 self-assessments, two of which — *An Audit of Carbon Neutral Government* and *Managing for Results: Post-Secondary Accountability Framework Audit - (contained within Summary Report: Results of Completed Projects (2011))* — report that the ministry or agency has now fully or substantially addressed all of the recommendations in their reports. My congratulations to those responsible.

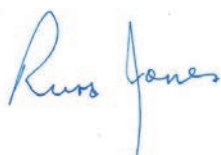
We also followed up on our recommendations by auditing four self-assessments to verify their accuracy. I was pleased to find that in almost all cases, ministries and agencies accurately portrayed the progress that they had made to implement the recommendations. While we sometimes found that recommendations were partially implemented rather than fully or substantially implemented as self-reported, the discrepancy usually resulted from a difference in understanding of what fully or substantially implemented meant. In those cases, we worked with the ministries and agencies to clarify our expectations and reach agreement on the status of the implementation. I am encouraged that the ministries and agencies have made significant progress in implementing the recommendations, and by their commitment to continue working towards full implementation of almost all of the recommendations.

Finally, we also followed up on the recommendations made in the *BC Hydro: The Effects of Rate-Regulated Accounting (2011)* Report. I am encouraged by BC Hydro's progress in implementing the recommendation related to the recovery plans for regulatory accounts balances. However, risk remains as to the certainty of the forecasted balances of the regulatory accounts.

We will continue to follow up as necessary on recommendations that are not fully implemented.

My thanks to the entities that provided updates for this report, for their work in implementing the recommendations, and for participating in the follow-up progress audits.

As always, I invite you to provide feedback regarding this report or any other areas you feel my Office should consider for future work.



Russ Jones, MBA, CA
June 2014



Russ Jones MBA, CA
Auditor General

THE AUDITOR GENERAL makes recommendations in audit reports to improve the management of government resources and responsibilities. The number of recommendations varies with each audit, depending on the subject matter and the findings. The audit team discusses these recommendations with the audited organization before the report is published and encourages the organization to begin addressing them right away. The Select Standing Committee on Public Accounts (PAC) also reviews the recommendations and reports annually to the Legislative Assembly.

Following up on recommendations helps to ensure that the recommendations are addressed and that British Columbians receive full value from the Auditor General's work. For the recommendations included in our recent reports, we have followed up using a combination of self-assessments and progress audits.

SELF-ASSESSMENTS

Through self-assessments, agencies describe the progress that they have made in implementing the Auditor General's recommendations. We have published these submissions unedited and in their entirety so that readers can assess for themselves whether progress is satisfactory.

Of the 66 recommendations included in this report, agencies self-assessed that 28 were fully or substantially implemented, 37 were partially implemented and one had no action taken.

PROGRESS AUDITS

Our Office confirmed whether a sample of government's self-assessments were reliable. These progress audits verified the actions taken by the agency to address the recommendation, but stopped short of assessing their effectiveness, as the outcomes may not be fully evident for several years.

Our progress audits examined government's self-assessments for 26 recommendations that were included in four previous audit reports:

1. *Audit of Agricultural Land Commission*
2. *The Status of Enterprise Risk Management in the Government Ministries of British Columbia*
3. *An Audit of the Ministry of Forests, Lands and Natural Resource Operations' Management of Timber*
4. *Health Benefits Operations: Are the Expected Benefits Being Achieved?*¹

¹ For the *Health Benefits Operations: Are the Expected Benefits Being Achieved?* report only one recommendation in the ministry's self-assessment was audited

We found that most of the self-assessments were accurate. Of the 26 recommendations we audited, eight were found to be partially implemented rather than the auditees' self-assessments of fully or substantially implemented. This discrepancy was often due to a difference in interpretation regarding what constituted "fully or substantially implemented" and "partially implemented". In each case, when discussed with the agency, a better understanding was reached as to what we expected and the agency agreed that an assessment of partially implemented more accurately reflects its progress to date.

Overall, we found that the three ministries and the Agricultural Land Commission have made significant progress implementing our recommendations. The partially implemented status for some recommendations is consistent with our expectation that long-term solutions involving ongoing effort over a number of years are required. Furthermore, for the 19 recommendations that we found were not yet fully implemented, the agencies intend to continue working towards fully implementing almost all of them.

We also followed up on our 2011 report, *BC Hydro: The Effects of Rate-Regulated Accounting*, and are encouraged by BC Hydro's progress in implementing our recommendation related to the recovery plans for regulatory accounts balances. However, risk remains as to the certainty of the forecasted balances of the regulatory accounts. The actual balance for each regulatory account could be significantly higher or lower than planned in future years. This would alter BC Hydro's planned revenue and could ultimately impact customers' rates.

It is important to note that we examined BC Hydro's recent regulatory accounts report, and spoke with Hydro staff about it, but we did not audit the report.

In addition, recent changes in accounting standards mean that the Canadian Accounting Standards Board has allowed rate-regulated entities such as BC Hydro to continue using rate-regulated accounting beyond 2015. As such, and with respect to rate-regulated accounting, BC Hydro is preparing its financial statements in accordance with Canadian generally accepted accounting principles (GAAP). This makes our 2011 recommendation that BC Hydro prescribe to Canadian GAAP no longer applicable.

SUMMARY OF 2014 SELF-ASSESSMENTS

Report	Release	Number of Recommendations	Self-reported Status of Recommendations			
			Fully or Substantially Implemented	Alternative Action Taken	Partially Implemented	No Action Taken
Initial Follow-ups						
<i>Striving for Quality, Timely and Safe Patient Care: An Audit of Air Ambulance Services in BC</i>	Mar-13	3			3	
<i>An Audit of BC Transit's Ridership Growth since the launch of the 2008 Provincial Transit Plan - contained within Summary Report: Results of Completed Projects and Other Matters</i>	Dec-12	5	2		3	
<i>An Audit of Biodiversity: Assessing the Effectiveness of Key Tools</i>	Feb-13	6	1		5	
<i>An Audit of Carbon Neutral Government</i>	Mar-13	6	6			
<i>Health Benefits Operations: Are the Expected Benefits Being Achieved?</i>	Feb-13	6	5		1	
<i>School District Board Governance Examinations</i>	Apr-13					
<i>Ministry of Education</i>		3			3	
<i>School District 27 - Cariboo-Chilcotin</i>		2			2	
<i>School District 36 - Surrey</i>		1			1	
<i>School District 75 - Mission</i>		3			3	
Subsequent Follow-ups						
Outstanding Recommendations						
<i>Audit of the Agricultural Land Commission</i>	Sep-10	7			7	
<i>Crown Agency Board Governance</i>	May-12					
<i>Board Governance Examination of BC Transit</i>		4	1		3	
<i>Board Governance Examination of the University of Northern British Columbia</i>		4	3		1	
<i>Board Governance Examination of Camosun College</i>		1	1			
<i>Board Governance Examination of Vancouver Coastal Health Authority</i>		1	1			
<i>Effectiveness of BC Community Corrections</i>	Dec-11	1			1	
<i>The Status of Enterprise Risk Management in the Government Ministries of British Columbia</i>	Jun-11	7	3		3	1
<i>Managing for Results: Post-Secondary Accountability Framework Audit - contained within Summary Report: Results of Completed Projects (2011)</i>	Dec-11	1	1			
<i>An Audit of the Ministry of Forests, Lands and Natural Resource Operations' Management of Timber</i>	Feb-12	5	4		1	
June 2014 Follow-up Total Recommendations		66	28		37	1
Percent of Total Recommendations			42%		56%	2%

An Audit of the Ministry of Forests, Lands and Natural Resource Operations’ Management of Timber

Released: [February 2012](#)

First Follow-up: [April 2013](#)

Discussed by the Public Accounts Committee: [June 11, 2012](#)

	Rec 1	Rec 2	Rec 3	Rec 4	Rec 5	Rec 6
OAG Assessment	●	●	●	●	●	●

● Fully/substantially implemented or alternative action taken ● Partially implemented ● No action taken

BACKGROUND

THE VAST MAJORITY of British Columbia’s Crown land is forested. The province manages its forests to maintain the long-term health of forest ecosystems while providing environmental, economic and social opportunities for present and future generations. Timber is the primary revenue generator in the forest and success in managing it is integral to successfully managing the other social and environmental values.

Our 2012 audit assessed whether the Ministry of Forests, Lands and Natural Resource Operations is achieving its forest objectives for timber. That audit found that the ministry had not clearly defined its timber objectives, its existing management practices were insufficient to address the trend of lower timber supply and reduced species diversity, the forest inventory information was dated, and the ministry was not appropriately monitoring and reporting its timber results. Our report made six recommendations.

SUMMARY

We are pleased to report that the ministry has made significant progress towards implementing the recommendations.

The ministry reported that it had substantially/fully implemented most of the recommendations, interpreting that its work to date to develop and implement plans and strategies since the 2012 audit met the intent of the recommendations. In contrast, we expected that most recommendations would not yet be fully implemented, as they would involve ongoing effort over several more years to implement the ministry’s plans. Consequently, we found that all of the recommendations are partially implemented. This difference in interpretation was discussed and the ministry agreed that, given our expectations regarding the long-term nature of the recommendations, partially implemented more accurately describes their progress to date. We found that progress at this time is generally consistent with our expectations and that the ministry is on track for fully implementing five out of six of the recommendations through its ongoing commitments to:

- ◆ Complete its framework of timber goals, objectives and performance measures;
- ◆ Complete local area plans to mitigate timber supply impacts and accelerate reforestation activities; and
- ◆ Implement its strategic plan for updating forest inventories.


In support of the above, government has committed ongoing funding for reforestation and the updating of timber inventories.

To date, the ministry has not completed an assessment of the sufficiency of the oversight framework for timber management, as per Recommendation 5. Consequently, questions remain as to whether the combination of legislation, shared stewardship and ministry oversight are effective in achieving the province’s timber objectives.

The ministry’s success in achieving its goal to promote species diversity will depend in part on its ability to gain the forest industry’s support to implement the ministry’s guidance where it is not explicitly required to do so by legislation.

Key Findings

Recommendation 1: The Ministry of Forests, Lands and Natural Resource Operations develop a plan for directing forest stewardship that establishes clearly defined timber objectives and stewardship principles to guide decision-making, actions, timeframes and assessment of results.

OAG Assessment:
 Partially implemented

Our 2012 audit found that the ministry had not established clearly defined timber objectives to demonstrate achievement of its legislated mandate over the medium and long-term. Since our audit, the ministry has developed provincial objectives and targets, and is working to formalize these and communicate them to all stakeholders. To achieve the provincial targets, the ministry recognizes that local timber targets and strategies must be established.


Recommendation 2: The Ministry of Forests, Lands and Natural Resource Operations ensure that its investments in silviculture are sufficient to achieve long-term timber objectives, and that they align with stewardship principles and are cost-effective.

OAG Assessment:
 Partially implemented

The ministry self-assessed that they had fully or substantially completed this recommendation, whereas we found that the recommendation was partially implemented. In our 2012 audit, we noted a significant gap in the total area replanted by the ministry and the total area suitable for replanting. In the two years since the audit, the ministry has completed a provincial assessment of potentially treatable areas affected by mountain pine beetle and wildfire, allowing government to make informed investment decisions. Based on this assessment, FLNRO identified approximately 600,000 hectares with high potential for reforestation. Government has planned to plant 300,000 hectares of these high priority areas by 2025. The ministry has started to work towards this goal and expects to plant 25 million trees in 2014/15, exceeding its reforestation goal for this fiscal by 5 million trees. These actions are consistent with its target for timber volume gain from silviculture investments.

Fully implementing this recommendation will require continued delivery on government’s commitment.


Recommendation 3: The Ministry of Forests, Lands and Natural Resource Operations ensure that restocking activities result in the establishment of forests that are consistent with its long-term timber objectives

OAG Assessment:
 Partially implemented

The ministry self-assessed that they had fully or substantially completed this recommendation, whereas we found that the recommendation was partially implemented. In our 2012 audit, we noted that reforestation decisions made by industry based on the least-cost approach were contributing to reduced tree species diversity which may also impact future forest resilience to climate change. The ministry is responding through outreach initiatives and by setting local-level species distribution goals for priority areas, encouraging licensees to make reforestation decisions that promote long-term forest resilience and productivity. Fully implementing this recommendation will require completing local plans for other areas of the province (see Recommendation 1).

While we are encouraged by the progress to date, we note that the ministry may encounter challenges implementing its goals for species diversity. For instance, forest licensees may find that it is not cost-effective to diversify the species that they plant, and are not obligated to do so unless specified in their forest stewardship plans.

Recommendation 4: The Ministry of Forests, Lands and Natural Resource Operations ensure that its information systems reflect actual forest conditions in priority management areas.


OAG Assessment:
 Partially implemented

The ministry self-assessed that they had fully or substantially completed this recommendation, whereas we found that the recommendation was partially implemented. In our 2012 audit, we noted concerns with the ministry’s forest inventory information, used to forecast timber supply and determine the allowable annual cut, particularly in areas affected by disturbance. Since our 2012 audit, the ministry has focused on initiatives to improve its forest inventory for mountain pine beetle areas where data is the most out-of-date and consequences for communities are the greatest. The ministry has developed a 10-year Forest Inventory Strategic Plan and is working towards its implementation, as well as developing a monitoring and reporting framework.

The ministry has also initiated a quality assurance program for data submitted by licensees that is achieving encouraging results, with the ministry reporting that the incidence of data quality issues for recently harvested areas has decreased from 11.3% to 1.4% over the last two years. These results are reflected in FLNRO’s new performance measure that assesses improvement in the quality of data used for resource stewardship decisions.

We are encouraged by government’s intent to fully implement this recommendation through its ongoing commitment to the 10-year plan.


Recommendation 5: The Ministry of Forests, Lands and Natural Resource Operations ensure that the collective and individual components of its oversight framework are sufficient to ensure the achievement of long-term timber objectives.

OAG Assessment:
 Partially implemented

The ministry self-assessed that they had fully or substantially completed this recommendation, whereas we found that the recommendation was partially implemented. In our 2012 audit, we noted concerns with the effectiveness of individual components of the oversight framework such as compliance and enforcement, as well as the adequacy of sampling by the Forest and Range Evaluation Program. We also found no overall assessment of how the components of the framework contribute individually and collectively to the achievement of the ministry’s desired results.

In response to our 2012 audit, the ministry identified the key components of the oversight framework. It also implemented actions as described under the other recommendations, which the ministry believes will be sufficient to achieve its timber objectives. However, this recommendation called for an assessment of the sufficiency of its oversight activities as related to timber. This has not occurred.

Recommendation 6: The Ministry of Forests, Lands and Natural Resource Operations develop and implement appropriate performance measures to demonstrate progress towards achieving long-term timber objectives and report publicly on the results

OAG Assessment:
 Partially implemented

The ministry self-assessed that they had fully or substantially completed this recommendation, whereas we found that the recommendation was partially implemented. In our 2012 audit, we assessed that the ministry’s performance measures were not comprehensive enough to demonstrate success at meeting its timber objectives. Relevant performance measures form the cornerstone of effective public sector performance reporting and are fundamental to public accountability. Since our audit, the ministry has modified its suite of performance measures to help demonstrate achievement of the province’s objectives for timber volume. These changes include updating its performance measure that monitors silviculture investments and adding a new measure that assesses improvement in data quality.

Goals and objectives have also been developed for other aspects of timber, such as species composition and timber quality, but have not been formally endorsed and communicated to stakeholders and do not yet have definitive performance measures (see Recommendation 1). To fully meet this recommendation, we would expect these objectives to be formalized, and for the ministry to report publicly on its progress.

1 Approximately 32% of the ALR lies within these two districts.

An Audit of the Ministry of Forests, Lands and Natural Resource Operations’ Management of Timber

As at: February, 20 2014

Released: [February 16, 2012](#)

1st Follow-up: [April, 2013](#)

Discussed by the Public Accounts Committee: [June 11, 2012](#)

Self-assessment conducted by Resource Stewardship Division, Ministry of Forests, Lands and Natural Resource Operations

Comments

The ‘initial ministry response to audit’ statement(s) is an excerpt from the ministry responses that are in the audit report. The ‘initial self-assessment’ is a short excerpt from the April 2013 ‘Follow-Up Report’.

Recommendations

RECOMMENDATIONS ADDRESSED IN PREVIOUS FOLLOW-UP REPORT(S):	SELF-ASSESSED STATUS
Recommendation 6: Develop and implement appropriate performance measures to demonstrate progress towards achieving long-term timber objectives and report publicly on the results.	Fully or substantially completed

Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 1: Develop a plan for directing forest stewardship that establishes clearly defined timber objectives and stewardship principles to guide decision making, actions, time frames and assessment of results.	Partially implemented

Actions taken, results and/or actions planned

“Initial ministry response to audit: The ministry agrees clear timber objectives and stewardship principles are important aspects of forest management.”

“Initial self-assessment: The ministry’s 2013/14-2015/16 service plan will more clearly define provincially desired outcomes for timber. The updated performance measure for ‘Timber volume gain from silviculture investments’ is now linked to baseline provincial timber harvest target levels of 57 million cubic metres per year during the mid-term, and 65 million cubic metres per year for the long-term. “

Self-assessed progress :

The ministry is developing a “Provincial Timber Management Goals and Objectives” document that consolidates the goals, objectives, and targets found in numerous other documents including legislation, service plans, and previous reports.

We are currently discussing the document with stakeholders to ensure the effective and appropriate integration of the suite of forestry objectives and values.

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

<p>Recommendation 2: Ensure that its investments in silviculture are sufficient to achieve long-term timber objectives, and that they align with stewardship principles and are cost-effective.</p>	<p>Fully or substantially implemented</p>
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Actions taken, results and/or actions planned

“Initial ministry response to audit: Forests for Tomorrow (FFT) uses several criteria, including ‘return on investment’, to ensure investments are cost-effective and targeted at the highest priorities. The ministry aligns FFT silviculture investments with its service plan objectives and the other investment opportunities assessed in the annually updated three-year Land Based Investment Strategy. The appropriate level of government investment in silviculture in the future will continue to be determined in the context of available funding and relative priority to other government investments.”

“Initial self-assessment: The ministry has completed a broad based provincial assessment of the current status and forecasted potentially treatable area under four components:

1. Mountain pine beetle (MPB) impacted mature (>age 60) stands
2. MPB impacted immature (<age 60) stands
3. Wildfire impacted stands
4. Existing current and backlog not satisfactorily restocked (NSR) area”

Self-assessed progress:

“Performance measure 7: Timber volume gain from silviculture investments” in the ministry Service Plan are consistent with expected investment levels in silviculture over the next 3 years.

Investments in incremental silviculture through Forests for Tomorrow are cost-effective in that treatments must meet a 2% rate of return. A lower rate of return may be accepted if investments also benefit non-timber values.

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

Recommendation 3: Ensure that restocking activities result in the establishment of forests that are consistent with its long-term timber objectives. **Fully or substantially implemented**

Actions taken, results and/or actions planned

“Initial ministry response to audit: The ministry’s existing stocking standards and standards for seed use will be reviewed to determine if there are areas for improvement relative to emerging issues such as climate change adaptation.”

“Initial self-assessment: There are six key activities that the ministry is doing to address this recommendation:

- ◆ Type 4 Silviculture Strategies
- ◆ Species Monitoring Reports
- ◆ Climate-Based Seed Transfer
- ◆ Tree Species Selection Tool
- ◆ Climate Change Adaptation Training
- ◆ New Stocking Standards Guidelines”

Self-assessed progress:

Considerable progress continues to be made on each of these six key activities that are, among other things, designed to assess or update restocking activities:

1. Type 4 Silviculture Strategies: Seven Type 4 Silviculture Strategies with new species goals for stocking will be completed by March 2014.
2. Species Monitoring Reports: prepared for each timber supply area (TSA) in 2012, the reports help assess how well the ministry is meeting its species diversity goals.
3. Climate-Based Seed Transfer: this climate change adaptation initiative intends to transition BC’s seed transfer system from a geographically-based science, policy and decision support framework to one that is climate-based.
4. Tree Species Selection Tool: The Tool, released in 2012, assists practitioners adapt their practices and develop strategies to maintain and enhance the resilience, adaptability, and productivity of BC’s forest ecosystems as our climate changes.
5. Climate Change Adaptation Training: Nine training sessions were delivered in 2013 in locations across the province; they were well attended and well received, with a demand for more training. On-line stocking standards/ climate change training is being developed and should be completed in February 2014.
6. New Stocking Standards Guidelines: A draft has been completed that provides new tree species selection guidance in key ecosystems subject to significant climate change in the near term.

Recommendation 4: Ensure that its information systems reflect actual forest conditions in priority management areas. **Fully or substantially implemented**

Actions taken, results and/or actions planned

See page 7-8 for response to Recommendation #4

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

Recommendation 5: Ensure that the collective and individual components of its oversight framework are sufficient to ensure the achievement of long-term timber objectives.

Fully or substantially implemented

Actions taken, results and/or actions planned

“Initial ministry response to audit: The ministry’s existing framework works within the context of public oversight in the annually reviewed ministry budget and Service Plan. The ministry will continue to ensure that the framework is sufficient to support the achievement of long-term timber objectives.”

“Initial self-assessment: As a means to ensure the oversight framework is sufficient, the ministry is undertaking an evaluation of the framework. The evaluation reviews professional reliance, compliance and enforcement reporting, effectiveness evaluations, and legislation (for example, as it relates to forest stewardship plans and the role of the Forest Practices Board).”

Self-assessed progress:

The ministry’s oversight framework to specifically ensure achievement of long-term timber objectives includes achievement of performance measures in the ministry’s Service Plan e.g. ‘Performance Measure 4: Resource decision data quality index’ and ‘Performance Measure 7: Timber volume gain from silviculture investments’. In considering the concept of an “oversight framework”, the ministry also reviewed the oversight framework that relates to the entire *Forest and Range Practices Act* (FRPA), which includes objectives set by government including for timber (see below).

General considerations around the FRPA oversight framework.

The FRPA oversight framework includes the following components:

- ◆ entities with a legal mandate for FRPA oversight: the Minister’s Forest and Range Practices Advisory Council , the Forest Practices Board, the Forest Appeals Commission, and the ministry’s Compliance and Enforcement program;
- ◆ entities with a legal oversight mandate, but not specifically or solely for FRPA: the Office of the Auditor General, and the four professional associations most closely associated with FRPA;
- ◆ entities with a non-legislated mandate that is specific to FRPA: the ministry’s Forest and Range Evaluation Program, and RESULTS, the ministry’s silviculture obligation tracking and reporting system; and
- ◆ entities that provide ad-hoc commentary on FRPA on a voluntary basis.

The ministry’s evaluation of the FRPA oversight framework ensured that all components of the framework that have a specific mandate for FRPA oversight are aware of Government’s expectations for on-going use of their outputs and products. The evaluation also identified that establishing stronger linkages between each component will make the framework more effective. That work is underway as part of the ministry’s commitment to continuous improvement of the legal, non-legal, and oversight components of the FRPA structure.

All information has been provided by the organization and has not been audited.

Full text of response to Recommendation #4

“Initial ministry response to audit: The ministry is committed to ensuring that the accuracy of forest inventory and yield projection is adequate for strategic decision-making.”

“Initial self-assessment: The ministry has continued a substantial, ongoing program of forest inventory, monitoring and stand growth modelling aimed at ensuring that resource information accurately reflects actual forest conditions in priority management areas. In 2013/14, the ministry will release a 10-year strategic forest inventory plan. In its response to the OAG report, the ministry committed to six specific actions.”

Self-assessed progress:

The ministry did release the “Forest Inventory Strategic Plan” in February 2013. The Strategic Plan actions improvement recommendations from the audit, and also the Association of BC Forest Professionals and the Forest Practices Board. In the section below, Strategic Plan goals related to each of the inventory-related commitments are highlighted; refer to the Strategic Plan for further details such as 5- and 10-year targets

www.newsroom.gov.bc.ca/2013/02/bc-releases-10-year-forest-inventory-plan.html

Government has committed the required resources to implement the strategic plan which includes hiring new staff and \$8 million annual operating funds (averaged over the 10-year plan period).

1. The ministry committed “to periodically re-inventory all forest lands to ensure that information on stands is up-to-date in the period between free-growing and harvest;”

Strategic Plan goals include:

- ◆ Goal #1: Update the inventory for all depletions and major disturbances
- ◆ Goal #2: Produce new Vegetation Resource Inventory (VRI) for mountain pine beetle (MPB) affected areas and other priority areas
- ◆ Goal #3: All forest cover inventory data is less than 30 years old
- ◆ Goal #4: Provide interim inventory information on demand for critical areas
- ◆ Goal #5: Use low cost, innovative methods to provide forest cover inventory information for appropriate areas
- ◆ Goal #9: Complete the forest inventory coverage province-wide

2. The ministry committed “to implement the ground sampling program that is used to validate forest cover estimates that have been derived from aerial photography;”

Strategic Plan goals include:

- ◆ Goal #7: Ensure that forest cover inventory is verified and supplemented with ground sample plots

3. The ministry committed “to reduce the backlog of submissions to the ministry’s information system (RESULTS) that have not been integrated into the inventory;”

In addition to audit findings regarding RESULTS, the Forest Practices Board published a special investigation that included RESULTS in December 2011. As a follow-up to that investigation, the Board’s Winter 2013-14 newsletter states:

... changes have been made to the reporting system that ensure the information [in RESULTS] can be seamlessly used in updates to forest cover mapping. The Ministry has also implemented an ongoing quality assurance program that has been identifying priority

All information has been provided by the organization and has not been audited.

issues and implementing corrective actions to solve those issues. Users of the reporting system have responded very positively to the Board report and the proportion of reports with high priority issues has fallen from over ten percent in February 2012 to less than four percent currently.

Although current RESULTS submissions can be seamlessly used to update forest cover mapping, there are challenges with older submissions. Substantial progress has been achieved on older submissions, however, at this time there remain a large number of cut blocks that are not yet incorporated into the provincial inventory file. The ministry is continuing to reduce this backlog. Also, the ministry continues to maintain a province-wide GIS coverage of all depletions so that strategic analyses, such as Timber Supply Review (TSR), can account for all harvested areas.

4. The ministry committed “to test and refine the growth and yield projection models;”

Strategic Plan goals include:

- ◆ Goal #8: Reliable stand growth models for all significant conditions

5. The ministry committed “to implement programs to monitor young stand growth, yield, and condition;”

Strategic Plan goals include:

- ◆ Goal #6: Monitor stand growth and change throughout the province

6. The ministry committed “to provide publicly accessible information on the accuracy of forest inventories, to carefully set inventory priorities and focus investment on areas with the greatest need, and to report on the performance of the forest inventory program.”

The Strategic Plan states that the ministry will develop annual targets consistent with the Plan and report performance against these targets. The Plan sets inventory priorities for areas affected by the MPB so that investments focus on areas with the greatest need.

Audit of the Agricultural Land Commission

Released: [September 2010](#)

First Follow-up: [October 2011](#)

Second Follow-up: [October 2012](#)

Third Follow-up: [October 2013](#)

Discussed by the Public Accounts Committee: [December 7, 2010](#)

	Rec 1	Rec 2	Rec 3	Rec 4	Rec 5	Rec 6	Rec 7	Rec 8	Rec 9
OAG Assessment	●	●	●	●	●	●	●	●	●

● Fully/substantially implemented or alternative action taken
 ● Partially implemented
 ● No action taken

BACKGROUND

AGRICULTURAL LAND IS an indispensable natural resource. One of the main reasons for preserving farmland is to secure food production now and into an uncertain future. In British Columbia (BC), population growth is a threat to prime agricultural land. In the 1970s, concern over the loss of agricultural land to urban development led to the creation of the Agricultural Land Reserve (ALR). In 1973, the BC population was approximately 2.5 million people. In 2013, the population had grown to approximately 4.6 million people. The stresses on agricultural land are significantly higher now than when the ALR was established.

Responsibility for administering the ALR lies with the Agricultural Land Commission (the Commission), an administrative tribunal that operates at arm’s length from government. The Commission makes decisions on applications to add or remove land as well as non-farm uses and subdivisions of land within the ALR. The Commission is also responsible for working with local governments regarding land use planning and conducting compliance and enforcement activities.

In 2010, we carried out an audit to determine whether the Agricultural Land Commission was:

- ◆ effectively preserving agricultural land and encouraging farming in British Columbia;
- ◆ adequately protecting the ALR from damage through its compliance and enforcement activities; and
- ◆ adequately evaluating and reporting on its effectiveness.

We found that the Commission was challenged to effectively preserve agricultural land and encourage farming in British Columbia. Specifically:

- ◆ they had not determined if the ALR boundaries were accurate;
- ◆ there were limitations to the application process;
- ◆ sufficient long-term land use planning with local governments was not occurring;
- ◆ the compliance and enforcement regime was not sufficient; and
- ◆ the lack of accessible information meant sufficient evaluation and reporting was not occurring.


Immediately following the release of our audit in 2010, the Chair of the Commission released his report *Moving Forward: A Strategic Vision of the Agricultural Land Commission for Future Generations*. In response to these two reports, government provided \$1.6 million in transitional funding through fiscal years 2011/12 and 2012/13 which allowed the Commission to begin a number of projects that would address the recommendations made in our audit. In Budget 2013/14 government increased the Commission’s base budget from \$1.974 million in 2012/13 to \$2.905 million for 2013/14.

In 2013, the government announced a Core Review process for government, including agencies, boards and commissions. The Commission was one of the organizations examined under this process. In March 2014, the government announced proposed changes to the Commission and tabled Bill 24, the *Agricultural Land Commission Amendment Act*, which received Royal Assent on May 29th, 2014. We did not assess how the amendments to the *Agricultural Land Commission Act* will effect the Commission’s ability to implement the audit recommendations.

SUMMARY

Of the nine recommendations in our 2010 audit report, the Commission reported seven as partially implemented and two as fully implemented. We found that the Commission’s self assessment was valid for all but one recommendation. The Commission self-assessed recommendation 4 as fully or substantially implemented, whereas we found that partially implemented was a more accurate assessment of the progress made to date. The Commission agreed with our assessment. We are pleased that the Commission, with additional funding provided by government, has made significant progress in implementing these recommendations.


Key Findings

<p>Recommendation 1: The Commission ensure that ALR boundaries are accurate and include land that is both capable of and suitable for agricultural use.</p>	<p>OAG Assessment:  Partially implemented</p>
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Our 2010 audit found that the Commission had not determined whether the boundaries of the ALR were accurate and that they included lands that were suitable for agricultural use. In response to our recommendation, the Commission is targeting specific regions of the province as some areas of the ALR underwent boundary reviews in the 1980s and 1990s. The Commission is carrying out its first series of boundary reviews in the Regional District of East Kootenay (RDEK) and anticipates completion by 2015.

Prior to the RDEK review, the Commission revised and updated its boundary review methodology. In addition, it is in the process of utilizing Geographic Information Systems (GIS) to refine the measurement of useable ALR by factoring out parameters such as major highway systems and water bodies, as well as identifying land not subject to the *Agricultural Land Commission Act*. This technology was not available when the original ALR was mapped in the 1970s and will result in a useable ALR area that is smaller than the currently published approximately 4.7 million hectares. For example, the total ALR area in the RDEK was originally 264,701 hectares. After water bodies and Indian Reserves were removed, the total useable area of ALR was determined to be 245,909 hectares.

The Commission is also planning to carry out concurrent boundary reviews in the northern and central interior regions of BC. The Commission estimates that all of the boundary reviews will be completed by 2017. This will allow for much greater certainty that the boundaries of the ALR are accurate and include lands that are both capable of and suitable for agricultural use.

<p>Recommendation 2: The Commission seek government’s support to make changes that will allow it to more effectively preserve agricultural land and encourage farming through the application process.</p>	<p>OAG Assessment:  Partially implemented</p>
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Our 2010 audit found that the Commission was limited in its ability to preserve agricultural land and encourage farming through the application process. The requirement to respond to all applications uses the majority of the Commission’s time and resources. In response to our recommendation, the Commission has chosen to significantly reduce the amount of operational resources it expends on processing applications from historic levels of approximately 80% to 30% to allow redeployment of resources to other program areas such as ALR boundary reviews, long range land use planning, policy development, auditing delegation agreements, and compliance and enforcement.

To enable the more efficient processing of applications, the Commission is working to improve its information technology and information management to facilitate electronic applications. The Commission has designed a new self-service online application portal, and has tested it with select stakeholders from local governments, applicant agents, etc. to improve its usability. The portal is scheduled for release by summer 2014. The Commission anticipates that the new portal will shift resources away from the application process to other aspects of its business to more effectively preserve agricultural land and encourage farming.

<p>Recommendation 3: The Commission engage in proactive long-term planning with local governments to encourage farming.</p>	<p>OAG Assessment:  Partially implemented</p>
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Our 2010 audit found that long-term planning with local governments to reduce the impact of population growth on the ALR was not occurring to the extent required. In response to our recommendation and as previously mentioned, the Commission is streamlining its resource heavy application process to allow staff to focus on other aspects of its mandate including working with local government. The Commission is making changes to its organizational structure to focus on proactive planning including hiring agrologists and additional planners. In addition, the Commission has stated that the boundary review process is resulting in proactive long-term planning with local governments to encourage farming.

Recommendation 4: The Commission work with Fraser-Fort George Regional District to address concerns it has with the District’s processes.

OAG Assessment:
 Partially implemented

The Commission self-assessed that they had fully or substantially completed this recommendation, whereas we found that the recommendation was partially implemented. Our 2010 audit found that the Commission had identified concerns with certain aspects of its delegated agreement with Fraser-Fort George Regional District (FFGRD). In response to our recommendations, the Commission carried out a review of FFGRD’s decisions regarding non-farm use applications and subdivision applications in July 2013. The review resulted in seven recommendations, including the need for revisions to the FFGRD Delegation Agreement, which have yet to be implemented. Implementing these seven recommendations will help the Commission ensure that the FFGRD Delegation Agreement contributes to preserving agricultural land and encouraging farming.

Recommendation 5: The Commission work with the Oil and Gas Commission to develop an action plan to implement the recommendations of the 2009 audit.

OAG Assessment:
 Fully/substantially implemented


Our 2010 audit found that the Commission and the Oil and Gas Commission (OGC) had not implemented recommendations from an independent audit carried out in 2009 which assessed the OGC’s performance in carrying out its responsibilities as set out in the Agricultural Land Commission-Oil and Gas Commission Delegated Agreement (the Agreement). The Agreement enables the OGC to make decisions about certain applications for oil and gas activities on ALR lands in the Peace River Regional District and Northern Rockies Regional District.¹ The agreement also allows the OGC to exempt specific oil and gas activities and pipelines on ALR lands from the usual application requirements under the *Agricultural Land Commission Act*.

Specifically, the audit recommended that:

1. The OGC develop a process to track whether owners of pipelines are reclaiming the disturbed areas and submitting a Schedule B report within 24 months as required under the Delegation Agreement.
2. The OGC and ALC consider developing best management practices to guide operators in the stripping and stockpiling of soil for well sites, facility sites, and associated roads.
3. The OGC and ALC review their processes for assessing proposals for facilities associated with oil and gas development.

We found that the recommendations have been addressed through improved performance reporting between the OGC and the Commission and other recent changes made to the Delegated Agreement as part of the 2013 update.

Recommendation 6: The Commission ensure that it has a sufficiently robust compliance and enforcement program.

OAG Assessment:
 Partially implemented

Our 2010 audit found that the Commission’s compliance and enforcement resources were inadequate to protect the ALR. The Commission recognized this and, with powers provided by the *Agricultural Land Commission Act*, designated 33 Forest Lands and Natural Resource Operations (FLNRO) staff as ALC officials in 2012. They are located throughout the province and are authorized to act on behalf of the Commission in addition to their regular duties. The Commission noted that this model allows it to carry out more compliance and enforcement activities than in the past. With the continued cooperation of FLNRO, the Commission would like to increase the number of designated FLNRO staff to provide greater provincial coverage. The Commission is planning to hire a co-ordinator to assist with managing the activities of the Commission’s two compliance and enforcement staff members and the designated officials. In addition, the Commission is currently drafting a compliance and enforcement manual to better guide its work.

¹ Approximately 32% of the ALR lies within these two districts.

Recommendation 7: The Commission prioritize completion of the new database and finalize conversion of the original paper ALR maps into digitalized format.

OAG Assessment:

● Partially implemented

Our 2010 audit found that the Commission, due to issues with its online application tracking system and reliance on paper maps, did not have the information it needed for effective decision-making. The Commission is in the process of finalizing a new online application system and is scanning both paper files and maps allowing for electronic access to all historical decisions of the Commission. The Commission expects to complete the scanning of historical documents by the end of June with data entry and map verification continuing throughout fiscal year 2014/15. The document scanning and map verification projects are already enabling quicker access to data and maps by staff and Commissioners, and are key elements for enhancing the Commission's efficiency on ALR boundary review projects.

Recommendation 8: The Commission evaluate the collective impacts of its decisions on applications and its broader policy decisions.

OAG Assessment:

● Partially implemented

Our 2010 audit found that the Commission was not evaluating the collective impacts of exclusion, inclusion, non-farm use and subdivision application on the ALR. As well, the Commission was not evaluating its broader policy decisions such as allowing oil and gas activities and gravel extraction on the ALR. Evaluations in these areas would provide information to determine how effectively the Commission is preserving agricultural land and encouraging farming. As discussed under Recommendation 7, once the file and map data is available electronically, the Commission will be able to evaluate the collective impacts of its decisions on applications and its broader policy decisions.

Recommendation 9: The Commission prioritize completion of the new database and finalize conversion of the original paper ALR maps into digitalized format.

OAG Assessment:

● Partially implemented

Our 2010 audit found that the Commission was not reporting publicly on measures of effectiveness such as the cumulative results of exclusions and inclusions on the agricultural capability of the ALR. As discussed under Recommendations 7 and 8, the development of the new Online Application System and electronic files and maps will allow for broader access to all historical decisions of the ALC and enable the Commission to review, and report publicly on, the cumulative impact of its decisions.

Audit of the Agricultural Land Commission

As at: February 2014

Released: [September 7, 2010](#)

First Follow-up: [October, 2011](#)

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Discussed by the Public Accounts Committee: [December 7, 2010](#)

Self-assessment conducted by the Agricultural Land Commission

Comments

Since its last update in October 2013 work has continued on improving the operations of the Agricultural Land Commission (ALC) by building on the transitional projects initiated in fiscal year 2011/12 and continuing throughout fiscal year 2012/13 using \$1.6 million in funding provided by Government. Reference is made to these projects in the ALC’s following responses.

In Budget 2013/14 Government increased the ALC’s base budget from \$1.974 million in 2012/13 to \$2.905 million for this fiscal year; an increase of \$931,000. Government has also indicated the ALC’s operating budget will increase by a further \$611,000 in 2014/15 bringing the ALC’s operating budget for that fiscal year to \$3.516 million. In 2015/16 the ALC’s budget will stabilize at \$3.391 million.

The ongoing projects intended to improve the operations of the ALC are funded from its increased operating budget. The projects now underway will enhance the ALC’s ability to: undertake ALR boundary reviews; proactively engage stakeholders to encourage farming and preserve agricultural land; shift to a proactive planning organization; monitor and audit delegation agreements; conduct more compliance and enforcement; and to enhance its information technology capabilities.

Recommendations

RECOMMENDATIONS ADDRESSED IN PREVIOUS FOLLOW-UP REPORT(S):	SELF-ASSESSED STATUS
Recommendation 4: Work with Fraser-Fort George Regional District to address Concerns it has with the District’s processes.	Fully or substantially completed
Recommendation 5: Work with the Oil and Gas Commission to develop an action plan to implement the recommendations of the 2009 audit.	Fully or substantially completed

All information has been provided by the organization and has not been audited.

Ousting Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
<p>Recommendation 1: Ensure that ALR boundaries are accurate and include land that is both capable of and suitable for agricultural use.</p> <p>Actions taken, results and/or actions planned</p> <p>Reviews of Agricultural Land Reserve (ALR) boundaries will be targeted to specific regions of the province, not the entire ALR. As noted in its 2012 update, the ALC will focus its attention for the first boundary review in the Regional District of East Kootenay (RDEK). The purpose of the review is to refine the ALR boundaries so that they encompass land that is both capable and suitable for agricultural use. The Elk Valley review began in late 2012 and the ALC has researched and developed its methodology for carrying out boundary reviews. As part of its review the ALC, with assistance from the Ministry of Agriculture’s Regional Agrologist and staff at the RDEK, compiled extensive land use and ownership data and land quality mapping information for the review area. The ALC ultimately identified approximately 1,400 hectares for potential exclusion from the ALR and approximately 750 hectares for potential inclusion to the ALR. The ALC held a public hearing in Fernie on August 15, 2013. In January 2014 the ALC concluded the Elk Valley Review. The ALC released its decision regarding the Elk Valley Review on February 18, 2014.</p> <p>Work on the second review in Electoral Area “B” of the RDEK, generally described as being south of Cranbrook, has progressed to the point where the ALC anticipates holding a public hearing in or about April 2014.</p> <p>Work on the third review in the RDEK’s Electoral Area “E”, generally described as Kimberley to Wasa, is well underway. This review area was selected as it coincides with the RDEK’s official community plan review that is currently underway.</p> <p>Since its last Self-Assessment, ALC representatives have met with Peace River Regional District (PRRD) staff on several occasions as part of its ongoing collaboration in reviewing the PRRD’s planning initiatives as a precursor to exploring potential ALR boundary review(s).</p>	<p>Partially implemented</p>
<p>Recommendation 2: Seek government’s support to make changes that will allow it to more effectively preserve agricultural land and encourage farming through the application process.</p> <p>Actions taken, results and/or actions planned</p> <p>The ALC’s business objective is to significantly reduce the amount of operational resources it expends on processing applications from historic levels of approximately 80% to 30% to allow redeployment of resources to other program areas such as ALR boundary reviews, long range land use planning, policy development, auditing delegation agreements and compliance and enforcement. As reported in 2012 within the 30% targeted budget allocation devoted to applications, the ALC will increase its efficiency by streamlining the processing of applications.</p> <p>The ALC continues to improve processing times through early vetting of applications for completeness, triaging simple applications for immediate processing, early identification of the need for additional information for more complex files and through the establishment of criteria for delegated decision-making to the ALC’s Chief Executive Officer.</p> <p>Other initiatives to enable the more efficient processing of applications involve the ALC improving its information technology and information management capacity to facilitate the electronic submission of applications. The ALC has designed a new self-service Online Application Portal, and with its consultants, has tested the prototype. The ALC has since retained the services of an internet strategy and design firm to undertake user testing of the Online Application Portal with select stakeholders from local governments, applicant agents and individuals unfamiliar with the ALC application process to simulate a new applicant user experience. Initial test results suggest that the Portal design is sound but improvements can be made to the usability of this web-based product. The strategy and design firm is now preparing suggested usability improvements for incorporation into the Portal model. The same firm is also working concurrently on designing the ALC’s new website to provide a seamless user experience with the Portal and the website. It is now anticipated that the new website, roll out of the Online Application Portal and other internet- based features will be available by July 2014.</p>	<p>Partially implemented</p>

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

Recommendation 3: Engage in proactive long-term planning with local governments to encourage farming.

Partially implemented

Actions taken, results and/or actions planned

The ALC Board has made changes to its staff organizational structure which identifies the required staff positions to carry out its business functions in support of its mandate. The structure is designed in part to provide more effective service by focusing the staff secretariat operations on pro-active planning and policy development functions. With the increased funding provided by Government, the ALC plans to recruit additional staff. Since late 2012 the ALC has been working with the Public Service Agency (PSA) to review job profiles and classifications for both existing and new positions. With regard to proactive planning and encouraging farming the ALC plans to recruit for the following positions:

- ◆ 2 professional Agrologists specializing in soil science to assist with ALR boundary reviews and other planning initiatives. The positions have been advertised, candidate submissions are being reviewed and the ALC anticipates interviews will be held in late February early March 2014; and
- ◆ the ALC has hired 3 junior planners and an existing ALC planner has successfully competed for a senior planner vacancy. The ALC is currently vetting candidate submissions for another junior planner to fill the position vacated when the existing ALC planner accepted the senior planning position. These positions will enable the ALC to respond more readily to applications and emerging issues that directly relate to agriculture as well as those that may impact agriculture.

The ALC plans to recruit up to 3 additional planning staff in 2014.

Recommendation 6: Ensure that it has a sufficiently robust compliance and enforcement program.

Partially implemented

Actions taken, results and/or actions planned

The ALC Board has made changes to its staff organizational structure which includes the required staff positions to carry out its business functions in support of its mandate. The structure is designed in part to provide more effective service regarding compliance and enforcement operations.

With the increased funding provided by Government, the ALC plans to recruit additional staff. Since late 2012 the ALC has been working with the Public Service Agency (PSA) to review job profiles and classifications for both existing and new positions. The ALC had planned to recruit for a Compliance and Enforcement Coordinator to oversee the compliance and enforcement activities of the ALC compliance officers and the 38 officials appointed from the Ministry of Forests, Lands and Natural Resource Operations (FLNRO) pursuant to the *Agricultural Land Commission Act*. However, the competition has been deferred pending further discussions with the PSA regarding the job profile and classification of the position. In the meantime, the ALC recently held a competition to fill a compliance officer position which was vacated in 2013 through a resignation. A candidate has been selected. As a result of the competition, and the quality of the candidates, the ALC has placed two candidates on a eligibility list and expects to offer the first candidate on the eligibility list a position in or about April 2014. If and when the ALC can resolve the outstanding job profile and classification issues with PSA, it will move towards recruitment of the Compliance and Enforcement Coordinator position.

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

Recommendation 7: Prioritize completion of the new database and finalize conversion of the original paper ALR maps into digitalized format. **Partially implemented**

Actions taken, results and/or actions planned

In 2011, the ALC embarked on a project to retrieve 20 - 25,000 application files, verify digital mapping of properties, enter application data into the ALC's Online Application Tracking System (OATS) database and to convert (scan) relevant paper documents to a digital format.

Progress to date (As of January 2013):

- ◆ 6,485 files have been completed (documents scanned, data entered into OATS and GIS mapping verified);
- ◆ 23,200 files have historical documents scanned (data entry into OATS and GIS mapping verification underway and ongoing); and
- ◆ 7,064 files have digital mapping of properties verified.

The data entry portion of the project is the most time consuming aspect of this work because there is often a need to interpret the data prior to entering it into the database. The company responsible for scanning historical documents is currently doing a small pilot project to explore the possibility of extracting metadata from the scanned documents for upload to OATS. If successful, this would allow data to be extracted from the scanned documents, placed in a spreadsheet and uploaded to the OATS data base instead of manual (keyboard) entry of data. While this possible method of data entry would still have a manual component, it is hoped to be far less involved, resulting in more rapid upload of data. The pilot project will have to demonstrate to a high degree of confidence that data is being captured accurately and that the data can be successfully uploaded to the appropriate OATS data fields.

The document scanning and map verification projects are already enabling quicker access to data and maps by ALC staff and Commissioners, and is a key element of enhancing the ALC's ability to work efficiently on ALR boundary review projects, being proactive with local governments in planning, improving administration and oversight, and improving compliance and enforcement.

The ALC expects to complete the scanning of historical documents by the end of this fiscal year with data entry and map verification continuing throughout fiscal year 2014/15.

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

Recommendation 8: Evaluate the collective impacts of its decisions on applications and its broader policy decisions.

Partially implemented

Actions taken, results and/or actions planned

In 2011, the ALC embarked on a project to retrieve 20 - 25,000 application files, verify digital mapping of properties, enter application data into the ALC's Online Application Tracking System (OATS) database and to convert (scan) relevant paper documents to a digital format.

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The document scanning and map verification projects are already enabling quicker access to data and maps by ALC staff and Commissioners, and is a key element of enhancing the ALC's ability to work efficiently on ALR boundary review projects, being proactive with local governments in planning, improving administration and oversight, and improving compliance and enforcement.

The ALC expects to complete the scanning of historical documents by the end of this fiscal year with data entry and map verification continuing throughout fiscal year 2014/15.

When this work is completed all historical decisions of the ALC will be accessible via the database and GIS mapping. This will enable the ALC to analyse applications, review the cumulative impact of its decisions, conduct planning exercises and analysis and provide information for improved policy development. The project will also facilitate future ALR boundary reviews and improve statistical reporting.

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

Recommendation 9: Report publicly on the cumulative impacts of its decisions.

Partially implemented

Actions taken, results and/or actions planned

In 2011, the ALC embarked on a project to retrieve 20 - 25,000 application files, verify digital mapping of properties, enter application data into the ALC's Online Application Tracking System (OATS) database and to convert (scan) relevant paper documents to a digital format.

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The document scanning and map verification projects are already enabling quicker access to data and maps by ALC staff and Commissioners, and is a key element of enhancing the ALC's ability to work efficiently on ALR boundary review projects, being proactive with local governments in planning, improving administration and oversight, and improving compliance and enforcement.

The ALC expects to complete the scanning of historical documents by the end of this fiscal year with data entry and map verification continuing throughout fiscal year 2014/15.

When this work is completed all historical decisions of the ALC will be accessible via the database and GIS mapping. The ALC will be better positioned to analyse applications, review the cumulative impact of its decisions, conduct planning exercises and analysis and provide information for improved policy development. The data entry, document scanning and mapping quality assurance project, coupled with the improvements to the website, roll out of the Online Application Portal and other internet-based features in 2014, will also enable detailed and timely public access to the work and decisions of the ALC.

All information has been provided by the organization and has not been audited.

Health Benefits Operations: Are the Expected Benefits Being Achieved?

Released: [February 2013](#)

Discussed by the Public Accounts Committee: [November 20, 2013](#)

	Rec 4
OAG Assessment	

● Fully/substantially implemented or alternative action taken
 ● Partially implemented
 ● No action taken

BACKGROUND

IN NOVEMBER 2004, the Ministry of Health signed an Alternative Service Delivery (ASD) contract with Maximus BC Health Inc. and related companies. This contract covered the administration of the Medical Services Plan and PharmaCare programs, and the transformation of related technologies. The expected cost was \$324 million over the 10-year contract term.

A key expected benefit was improved privacy and security of personal information. Improved data security was expected to result from changes in corporate and governance structures, more stringent audit provisions, improved technology and stricter controls. The arrangement was also supposed to address concerns over personal information being accessed by the U.S. government through the *USA PATRIOT Act*.

In 2013, we audited whether the benefits expected from this contract were being achieved and how effective the ministry had been in monitoring and reporting to ensure their achievement. One of our findings recognized that the service provider had implemented a number of new privacy and security practices. However, that the ministry had not implemented the proactive controls necessary to ensure that privacy breaches are not going undetected by the ministry or that the ministry’s data is not being stored or accessed from outside of Canada.

In response to a request from the Select Committee on Public Accounts (PAC), we audited the Ministry of Health’s response to this one aspect of our report.

SUMMARY

The ministry’s self-assessment for recommendation 4 was that they had fully or substantially implemented this recommendation, whereas we found that partially implemented was a more accurate assessment of the progress made to date. The ministry agreed with our assessment. We found that the ministry has made significant progress to implement this recommendation, but that full implementation will require that the ministry audit its subcontractors to assess the risk of privacy breaches and data storage and access outside of Canada.

Key Findings

Recommendation 4: Obtain assurance over significant results reported by the service provider

OAG Assessment:

● Partially implemented

We audited the aspects of this recommendation that related to the risk of undetected privacy breaches, as well as personal information data storage and access occurring outside of Canada.

We found that the ministry partially implemented that aspect of the recommendation. The ministry had engaged an external auditor to provide an audit opinion on the potential for unauthorized access to Maximus BC's systems and data from outside Canada, for privacy breach detection and reporting, and data access and storage outside of Canada. We found, as well, that the ministry had received a report from the contracted auditor in May 2014, which provided assurance that Maximus BC was applying controls to adequately mitigate the risk of privacy breaches and data storage and access from outside of Canada.

Our expectation for full implementation is for the ministry to also audit its subcontractors. Assessing the risk of privacy breaches and data storage and access outside of Canada for subcontractors is important because subcontractors may have access to much of the same ministry data as Maximus BC.

The ministry has advised us that it is currently assessing the residual risk related to the subcontractors to determine appropriate measures to address them. We noted that the self-assessment provided room for this additional work where it said that, "Remedial work not undertaken in the course of the current year audit will be planned as part of future years' audits."

Health Benefits Operations: Are the Expected Benefits Being Achieved?

As at: [February 2014](#)

Released: [February 28, 2013](#)

Discussed by the Public Accounts Committee: [November 20, 2013](#)

Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
<p>Recommendation 1: Critically assess the viability of proposed solutions and plans to ensure that timelines are realistic and technological solutions will meet business objectives.</p>	<p>Fully or substantially completed</p>

Actions taken, results and/or actions planned

Lessons learned from the MAXIMUS contract are being applied to all new procurement projects.

Ministry reorganization has created or expanded the mandate of two branches staffed with specialized resources for the management of outsourced service delivery contracts (the Business Management Office) , and the management of high risk strategic projects that have a significant information technology component (Strategic Projects Branch).

Key ministry staff involved with major outsourcing contracts are receiving additional training in procurement and management of outsourcing contracts, to strengthen their expertise in these areas.

Other activities related to this finding are improvements in succession planning and knowledge management (see response to Recommendation 5 below).

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

Recommendation 2: Ensure all key terms are defined in the contract and establish quantifiable thresholds where appropriate.

Fully or substantially completed

Actions taken, results and/or actions planned

Renewal of the Master Services Agreement (MSA) with MAXIMUS, which resulted in Amendment 4 to the Master Services Agreement, provided the opportunity to clarify key terms in the Agreement. These include:

- ◆ Definitions in Schedule I (Fees) related to financial reporting;
- ◆ Ongoing deliverables, such as plans and reports listed in Schedule H (Key Deliverables);
- ◆ Detailed descriptions of each service level (scope and measurement criteria) added to Schedule F; and
- ◆ A new pool of resource hours available to the ministry at no additional cost for future technology transformation projects (Additional Transformation Resources).

The ministry has established quantifiable thresholds where appropriate. For example, the ministry and MAXIMUS manage a Capacity Model that defines:

- ◆ the basic and routine changes that are fully funded within the base fixed fee;
- ◆ the types of changes and the level of change (hours of resource time) available per month without additional charge to the Province;
- ◆ thresholds (expressed as hours of resource time) above which additional charges may apply; and
- ◆ the types of changes that will normally require additional funding.

During contract extension negotiations, the ministry and MAXIMUS reviewed previous attempts to negotiate a generic threshold by which to measure the concept of Material Change, above and beyond the definitions provided in the Capacity Model. Both parties agreed to maintain the status quo under which funding for proposed changes is negotiated on a case-by-case basis.

Ministry decision making regarding Material Change is now supported by documentation of the criteria used by the ministry in assessing and negotiating change requests. In addition to criteria, the documentation includes examples of how the criteria have been applied to accept, negotiate or reject past change requests from the vendor. This is intended to facilitate knowledge transfer and maintain consistent decision making (see also Recommendation 5 below).

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

Recommendation 3: Monitor and enforce all significant contract terms and deadlines. **Fully or substantially completed**

Actions taken, results and/or actions planned

During contract extension negotiations with MAXIMUS, the ministry reconfirmed financial reporting and audit requirements. Further work on a revised reporting structure has taken place during 2013/14 and the first report to be produced under the revised structure is planned for mid-2014.

Gaps in the monitoring and documenting decisions regarding technology refresh, noted in the Auditor General's report, have been addressed. Quarterly reporting on the status of MAXIMUS technology commenced in April 2011 and has been provided continuously since that date.

Other new activities that reinforce monitoring and tracking include:

- ◆ A SharePoint site has been established for exchange of Performance Reports and other deliverables required to monitor significant contract terms;
- ◆ The Business Management Office has improved internal records management practices through the development of an Operational Records classification System (ORCS) designed specifically for the oversight of the alternative service delivery contracts managed by the office. Approval of the new ORCS is anticipated in the near future, and an implementation is under development.

Recommendation 4: Obtain assurance over significant results reported by the service provider. **Fully or substantially completed**

Actions taken, results and/or actions planned

The baseline for future assurance over service levels was strengthened during the contract extension negotiations. A new section has been added to Schedule F of the contract (Service Levels), containing detailed description and measurement criteria for each service level.

The ministry engages external auditors to provide an annual audit of business and technological controls implemented by MAXIMUS BC, including controls over privacy and security.

The scope of 2012/13 and 2013/14 annual audits have been expanded. First, the ministry requested advice on the level of coverage currently in place and recommendations for enhancements. Secondly, the auditors are implementing additional controls and tests to address identified gaps.

During the planning process for the 2013/14 audit, the ministry and our auditors met with staff of the Office of the Auditor General to discuss the planned approach.

Expanded scope for the 2013/14 audit will include additional work to provide assurance over the key gaps identified in the Auditor General's report:

- ◆ Potential for unauthorized access to MAXIMUS BC systems and data from outside Canada;
- ◆ privacy breach detection and reporting; and
- ◆ data access and storage outside Canada.

The ministry has also asked auditors to review controls related to service level reporting and recommend an approach to strengthening assurance in this area. Remedial work not undertaken in the course of the current audit will be planned as part of future years' audits.

The ministry and MAXIMUS have reviewed options for an auditing standard to apply to MAXIMUS' annual financial reports to the Province. The first audited report will be produced in mid-2014.

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

Recommendation 5: Maintain a comprehensive record of decisions to facilitate knowledge transfer and consistent decision-making over the life of the contract.

Fully or substantially completed

Actions taken, results and/or actions planned

The Business Management Office has made it a priority for the 2013/14 and 2014/15 fiscal years to review and strengthen procedural documentation and tracking logs related to the contract.

Tracking logs for all change requests and decision requests submitted by MAXIMUS BC have been maintained throughout the contract term. However, these are filed and separately managed by project or issue. The Business Management Office has now created a centralized log that cross-references all Change Requests and Decision requests to make it easier to identify and track approval status across the board.

Documentation of the criteria for assessing Material Change, referenced under Recommendation #1 above, also assist in meeting the objective of consistent decision-making and knowledge transfer.

A knowledge management strategy is being developed jointly by the Ministry and MAXIMUS BC under the direction of the Joint Executive Committee. Two components of the strategy are already in progress:

- ◆ a SharePoint site is in place, where all procedural manuals, performance reports and other key deliverables are posted; and
- ◆ MAXIMUS BC has initiated a series of knowledge transfer workshops in specific service areas for government stakeholders.

The full range of activities and deliverables will be defined through the knowledge management strategy.

Recommendation 6: Publically report results by contract objective with sufficient information to enable readers to understand what is being achieved for what cost.

Partially implemented

Actions taken, results and/or actions planned

Amendment 4 to the contract requires MAXIMUS to provide more transparency into annual financial reports by separating expenditures on base services from expenditures on new project work.

The ministry will adopt the Alternative Service Delivery reporting guidelines issued by the Ministry of Information Technology and Citizens' Services as the minimum starting point for a redesigned annual report on the MAXIMUS contract. A redesigned report is planned for release during the 2014/15 fiscal year.

All information has been provided by the organization and has not been audited.

The Status of Enterprise Risk Management in the Government Ministries of British Columbia

Released: [June 2011](#)

First Follow-up: [October 2012](#)

Discussed by the Public Accounts Committee: [June 11, 2012](#)

	Rec 1	Rec 2	Rec 3	Rec 4	Rec 5	Rec 6	Rec 7	Rec 8	Rec 9	Rec 10
OAG Assessment	●	●	●	●	●	●	●	●	●	●

● Fully/substantially implemented or alternative action taken ● Partially implemented ● No action taken

BACKGROUND

EFFECTIVE RISK MANAGEMENT is integral to the success of any organization. Risk management and enterprise risk management (ERM) are processes of identifying, assessing, and managing risk to achieve desired outcomes. Risks are different for every ministry and can be financial, reputational, operational, legal, and/or technological in nature, just to name a few. Awareness of potential risks and subsequent planning and actions can mitigate risks, and contribute to efficient, effective programs. Conversely, poor risk management can result in economic loss, missed opportunities, and even the loss of life.

Our 2011 audit report was comprised of three separate reports that examined ERM in ministries from different levels: the central government, ministry and program level. The audit found that government had made insufficient progress in integrating ERM into its practices despite the official adoption of a risk-based approach in 2002 – a decade prior to the audit. The report made 10 recommendations.

SUMMARY

Of the 10 recommendations in our 2011 audit report, the ministry reported six as fully/ substantially implemented or alternative action taken, and four as partially implemented or no action taken. We found that the ministry’s self assessment was valid for all but one recommendation. The ministry self-assessed recommendation 10 as alternative action taken, whereas we found that partially implemented was a more accurate assessment of the progress made to date. The ministry agreed with our assessment.

We are encouraged to see, that in response to the audit recommendations, the Risk Management Policy was revised and all ministries are now using government’s approved risk management template as part of their approach. Government is working towards ensuring ministries self-assess the maturity of their ERM process as well as reporting to the Deputy Ministers’ Council on ministries’ ERM maturity and ministries’ progress in mitigating risks.


Given the significant size and scope of its operations, government needs a systematic approach to managing risk to make fully informed decisions. Implementing the outstanding recommendations detailed below is crucial to successfully integrating enterprise risk management across the ministries. We look forward to seeing continued progress through future assessments.

Key Findings

We recommend that government develop an appropriate accountability mechanism to ensure ministries are held accountable for ERM. This should include:

Recommendation 1: Regular assessments of ERM maturity for every ministry

OAG Assessment:

 Partially implemented

Our 2011 audit assessed the maturity of every ministry’s ERM process, which is the extent to which ministries have implemented an effective ERM process. We found that most ministries were still working to put the fundamentals in place.¹ In response to the audit report, government revised its Risk Management Policy (“Core Policy”)² to require ministries to conduct self-assessments of ERM implementation and report to the Risk Management Branch (RMB) every three years. RMB has advised that the first ministry self-assessments will be reported to RMB by June 2015.

Recommendation 2: ERM targets within Deputy Minister accountability letters

OAG Assessment:

 No action taken

Government has not included ERM targets in Deputy Minister accountability letters. Our 2011 audit found that RMB is not in a position to hold ministries accountable for establishing an ERM process and that further measures were required to ensure accountability for ERM implementation. While this recommendation has not been implemented, we note that its intent is addressed to some extent through government’s actions and planned actions in response to Recommendations 3, 4, and 5 – revision of Core Policy to require RMB to report to the Deputy Ministers’ Council on ERM maturity and performance, and to report to Cabinet on enterprise-wide risks. While these actions will improve accountability, leadership nevertheless needs to set the ‘tone at the top’ to ensure ERM implementation.

Recommendation 3: Annual reporting of ministry-level risk registers


OAG Assessment:

 Fully/substantially implemented

Annual reporting of ministry-level risk registers to RMB is in place. It is encouraging to find that all ministries are now using RMB’s approved risk register template as part of their approach to managing risk. There remain opportunities to improve the quality of several ministry risk registers, particularly with respect to tracking how risks are or are expected to be mitigated – an essential component to effective risk management. Ministries should continue to improve the quality and completeness of their risk registers to ensure progress towards mitigating risk.

Recommendation 4: Regular reporting of ministry ERM performance to the Deputy Ministers’ Council³

OAG Assessment:


 Partially implemented

Since the report was published, government revised the Core Policy to require RMB to report semi-annually on ministry ERM performance to the Deputy Ministers’ Council. RMB expects to report on ministry ERM performance by June 2014. Completing this step will provide an opportunity for the deputy ministers to understand how risks are being addressed and where further action is necessary.

We recommend that the Risk Management Branch:

Recommendation 5: Report to the Deputy Ministers’ Council on ministries’ progress towards full implementation of ERM.

OAG Assessment:

 Partially implemented

Since the report was published, government revised the Core Policy to require RMB to report on ministry ERM maturity to the Deputy Ministers’ Council every three years. RMB expects to report on ministry ERM maturity by June 2014, in concert with its report on ministry ERM performance (see Recommendation 4).

1 Our 2011 audit report assessed ministry ERM maturity based on a range of criteria including organizational culture, leadership and commitment, integration with management practices, capabilities, and reporting and controls.
 2 See Chapter 14 of the BC Government’s *Core Policy and Procedures Manual*.
 3 Recommendation 4 refers to ministries’ progress in identifying and successfully mitigating risks. This differs from Recommendation 5 which relates to ERM maturity, the extent to which ministries have implemented an effective ERM process.

Recommendation 6: Create and maintain an overall risk register for all ministries in the Province of BC based on annual ministry-level risk registers.

OAG Assessment:
 Fully/substantially implemented

RMB has created and maintained an overall risk register that captures the ministries' identified risks and mitigations in one document. It should be noted, however, that the usefulness of this document is subject to the completeness of the ministry risk registers which could be further improved as indicated under Recommendation 3.

We recommend that ministries:

Recommendation 7: Maintain up-to-date ministry-level risk registers that clearly assess the likelihood and consequences of identified risks.

OAG Assessment:
 Fully/substantially implemented

All ministries have maintained a risk register, assessing the likelihood and consequences of identified risks. Beyond the identification and assessment of risks, however, is a crucial next step: mitigating those risks to an acceptable level. As noted under Recommendation 3, the tracking of actions to mitigate risk could be improved. We encourage ministries to continue to improve the quality and completeness of their risk registers to ensure progress towards mitigating risk.

Recommendation 8: Utilize the Risk Management Branch's approved ERM process, tools, training and guidance, or consult with the Risk Management Branch to modify the tools if needed.

OAG Assessment:
 Fully/substantially implemented


Ministries are using RMB's approved ERM risk register template and the three ministries that we spoke with have been supported by RMB staff. We are encouraged to learn that ministry risk management coordinators have established a cross-government community of practice for sharing knowledge and good practices.

Recommendation 9: Appoint an ERM coordinator to assist with risk management and the maintenance of ministry-wide risk registers.

OAG Assessment:
 Fully/substantially implemented

The ministries have appointed an ERM coordinator to assist with risk management and the maintenance of ministry-wide risk registers.

Recommendation 10: Require their program areas to maintain a risk management process that includes a risk register, as appropriate, which can be rolled up to a ministry-wide risk register.

OAG Assessment:
 Partially implemented

The ministry initially self-assessed their progress as alternative action taken, whereas we found that partially implemented was a more accurate assessment of the progress made to date. Government did not provide direction to ministries through the Core Policy to act on this recommendation, and the ministry staff that we spoke with were not aware of their ministries acting in response to this recommendation. Our 2011 audit report found that program level risk registers were not always maintained, and if maintained, they were not rolled up to a ministry level risk register. However, in 2014, we found examples of risk management practices at the program level indicating partial progress. We encourage ministries to use the ERM maturity self-assessment process as an opportunity to determine the need for formal risk management practices at the program level as they work towards embedding risk management into their organizational culture and management practices.

The Status of Enterprise Risk Management in the Government Ministries of British Columbia

As at: February 19, 2014

Released: [June 23, 2011](#)

1st Follow-up: [October, 2012](#)

2nd Follow-up: [April, 2013](#)

Discussed by the Public Accounts Committee: [June 11, 2012](#)

Self-assessment conducted by Phil Grewar

Comments

Revised Government Risk Management Policy (CPPM Chapter 14) addressing the recommendations of the OAG report was approved and published. With the exception of the ERM maturity assessments and the ERM Deputy Minister accountability targets, the recommendations have largely been completed. The first iteration of the overall risk register for all ministries is being revised, based on comments received, and is currently undergoing updating based on the second iteration of ministry-level risk registers.

Recommendations

RECOMMENDATIONS ADDRESSED IN PREVIOUS FOLLOW-UP REPORT(S):	SELF-ASSESSED STATUS
Recommendation 8: Ministries utilize the Risk Management Branch’s approved ERM process, tools, training and guidance, or consult with the Risk Management Branch to modify the tools if needed.	Fully or substantially completed
Recommendation 9: Ministries appoint an ERM coordinator to assist with risk management and the maintenance of ministry-wide risk registers.	Fully or substantially completed
Recommendation 10: Ministries require their program areas to maintain a risk management process that includes a risk register, as appropriate, which can be rolled up to a ministry-wide risk register.	Alternative action taken

All information has been provided by the organization and has not been audited.

Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
<p>Recommendation 1: Regular assessments of ERM maturity for every ministry.</p>	<p>Partially implemented</p>
<p>Actions taken, results and/or actions planned</p> <p>Core policy revision approved and published which requires ministries to conduct a Risk Maturity Self Assessment every three years. Due Q1 2015/16</p>	
<p>Recommendation 2: ERM targets within Deputy Minister accountability letters.</p>	<p>No Action Taken</p>
<p>Actions taken, results and/or actions planned</p> <p>Will be considered as new accountability letters are produced along with other strategic goals.</p>	
<p>Recommendation 3: Annual reporting of ministry-level risk registers.</p>	<p>Fully or substantially implemented</p>
<p>Actions taken, results and/or actions planned</p> <p>All ministries have completed and submitted ministry-level risk registers.</p>	
<p>Recommendation 4: Regular reporting of ministry ERM performance to the Deputy Ministers' Council.</p>	<p>Partially implemented</p>
<p>Actions taken, results and/or actions planned</p> <p>Report prepared and is currently being revised based on feedback and to include the most up to date information from ministries.</p>	
<p>Recommendation 5: The Risk Management Branch report to the Deputy Ministers' Council on ministries' progress towards full implementation of ERM.</p>	<p>Partially implemented</p>
<p>Actions taken, results and/or actions planned</p> <p>Report is awaiting updates from ministries on their initial risk registers. Expect to report in Q1 2104/15</p>	
<p>Recommendation 6: The Risk Management Branch create and maintain an overall risk register for all ministries in the Province of BC based on annual ministry-level risk registers.</p>	<p>Fully or substantially implemented</p>
<p>Actions taken, results and/or actions planned</p> <p>This has been done.</p>	
<p>Recommendation 7: Ministries maintain up to date ministry-level risk registers that clearly assess the likelihood and consequences of identified risks.</p>	<p>Fully or substantially implemented</p>
<p>Actions taken, results and/or actions planned</p> <p>This has been done.</p>	

All information has been provided by the organization and has not been audited.

BC Hydro: The Effects of Rate-Regulated Accounting

Released: [October 2011](#)

First Follow-up: [March 2012](#)

Discussed by the Public Accounts Committee: [November 25, 2011](#)

WHAT WE DID IN 2011

Our report¹ in 2011 considered BC Hydro's accounting practices, particularly those related to rate-regulated accounting, and the effects of these practices on the reported financial health of BC Hydro and its ability to match costs and benefits with different generations of customers.

WHAT WE FOUND IN 2011

At the time of our report, BC Hydro had a net regulatory asset of approximately \$2.2 billion (fiscal 2010/11), that is to say \$2.2 billion in expenses had to be recovered from customers in future years. We found that although BC Hydro had some plans to recover these amounts, it lacked a comprehensive plan defining how these amounts would be recovered, and over what period. Thus in our report, *we recommended that government determine, at the earliest opportunity, how BC Hydro will recover the net deferred costs in its regulatory accounts.*

Leading up to our report, Canadian accounting standards changed significantly. These changes required BC Hydro, as a government business enterprise,² to adopt International Financial Reporting Standards (IFRS) from fiscal year 2011/12 onwards. At the time, IFRS did not allow for the use of rate-regulated accounting. This meant BC Hydro would no longer be able to defer expenses and revenues to future years to "smooth out" the effects of unexpected costs or profits for its customers, an accounting practice that BC Hydro and government did not want to lose. As such, government directed BC Hydro through BC Regulation 257/2010 to adopt a U.S. accounting standard³ which permits the use of rate-regulated accounting rather than the related IFRS regulation. At the time of our report, we were concerned that BC Hydro would continue to apply rate-regulated accounting, which may not be permitted in future years under Canadian generally accepted accounting principles (GAAP). Therefore, in our report *we recommended that government prescribe that the annual financial statements for BC Hydro be prepared fully in accordance with Canadian generally accepted accounting principles.*

1 Our 2011 report, *BC Hydro: The Effects of Rate-Regulated Accounting*, can be found at www.bcauditor.com.

2 A government business enterprise is an organization that should, in the normal course of its operations, be able to maintain its operations and meet its liabilities from revenues received from sources outside of the government reporting entity.

3 *United States Financial Accounting Standards Board Accounting Standards Codification 980*

GOVERNMENT'S PROGRESS TO DATE

Government's 2012 self-assessed progress in implementing our recommendations

IN MARCH 2012 government provided us with a self-assessment of its progress in implementing the two recommendations our Office made in 2011. Government said that it had “partially implemented” our first recommendation, as BC Hydro had filed a plan for the recovery of regulatory account balances from fiscal years 2012/13 to 2013/14 with the BC Utilities Commission (BCUC), as part of its Amended fiscal 2012 to 2014 Revenue Requirement Application (the application).⁴

The application provided⁵

- ◆ a definition of each existing regulatory account;
- ◆ the policy framework that defines situations when a regulatory account could be appropriate;
- ◆ the interest rate applied to regulatory accounts;
- ◆ the planned recovery period of each regulatory account; and
- ◆ an explanation of future regulatory accounts.

Although we were encouraged by BC Hydro taking action to implement our recommendation, and the similar recommendation made by government in its review⁶ of BC Hydro, more detail could have been provided in the application to explain, and demonstrate, how BC Hydro would recover regulatory account balances from customers in future years. For example, the application provides the extent of recovery for each of the existing account balances for fiscal years 2012 to 2014, but it does not provide a detailed explanation of the rationale for these decisions, nor provide an extrapolation of these planned recoveries beyond fiscal 2014. Many of these regulatory accounts are planned to have balances beyond fiscal 2014.

Furthermore, we noted that the application does not explain that BC Hydro cannot control some of the risks related to the recovery plans. For example, variances in seasonal weather and interest rates can impact regulatory account balances. We expected that these risks would be explained in the application, including clearly indicating that the forecasted regulatory accounts balances and recovery plans are not absolute, and subject to uncertainty; therefore, account balances in future years could be significantly lower or higher than indicated in the application.

⁴ Amended application filed with the BCUC on November 24, 2011. More details can be found at www.bcuc.com or www.bchydro.com

⁵ See Chapters 2 and 7 of the application.

⁶ J Dyble, P Milburn, C Wenezenki-Yolland, *Review of BC Hydro* (June 2011)

As for our second recommendation, government said that it had not yet taken action due to the ongoing review of rate-regulated accounting guidance in International Financial Reporting Standards.

Our follow-up project starting in Fall of 2013

In September 2013, when we initiated this follow-up project, we started by examining what progress BC Hydro had made in implementing our recommendations, and then determined what aspects of the recommendations we still considered incomplete.

We found that in mid-2012, management at BC Hydro started developing the *Regulatory Accounts Report: Fiscal F2013 to F2024* (the BC Hydro report) to explain how BC Hydro would recover its regulatory account balances from customers in future years, and describe in detail its existing regulatory accounts. On March 7, 2014 BC Hydro filed⁷ this report with the BCUC.

We examined BC Hydro's report, and made enquiries about it, but did not audit the report. We did not audit the data or assumptions used by BC Hydro to determine the forecasted balances and basis for recovery of the regulatory account balances.

BC Hydro's Regulatory Accounts Report

“Public reporting is the practical expression of an open and accountable government. It is key to demonstrating transparency in government activities, and is a pragmatic step towards improving the performance of the public sector.”⁸

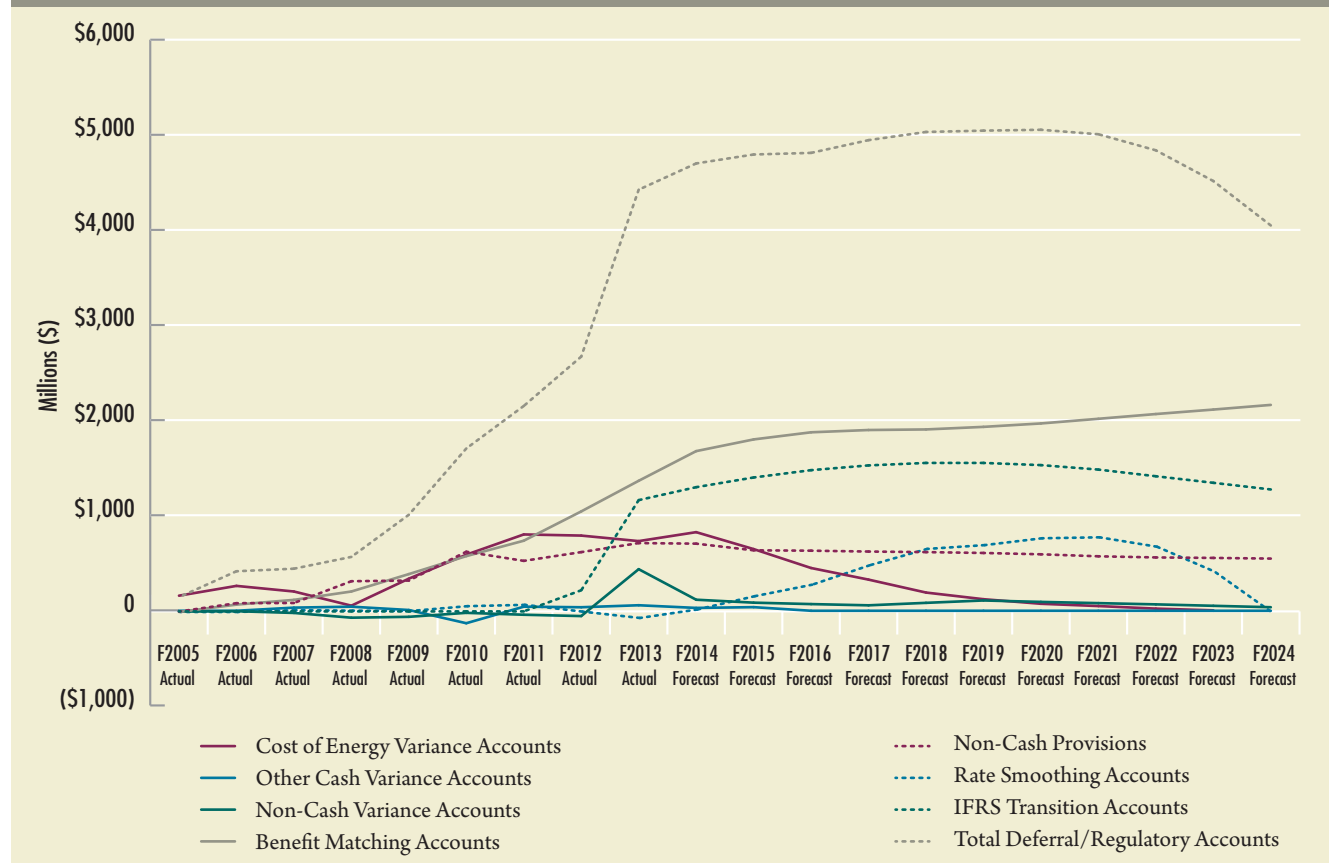
BC Hydro's report provides for improved transparency in the mechanics of BC Hydro's use of rate-regulated accounting, and it allows for greater scrutiny by the Legislative Assembly, customers of BC Hydro, and the wider public. For example, the report includes a year by year forecast of all existing regulatory account balances up to year 2024 and discloses that in year 2024, 84% of the outstanding regulatory account balances are forecast to be found in only five accounts that either match costs with benefits or relate to the transition to IFRS. As at March 31, 2014, 19 of the 27 regulatory accounts, which represent approximately 80% of the total regulatory account balance, are being recovered in current rates (see Exhibit 1).

Forecasts can (and often) change for several reasons, but nevertheless this forecast of regulatory account balances provides readers with a benchmark to measure the actual performance of the regulatory accounts and their management by BC Hydro.

⁷ BC Hydro's *Regulatory Accounts Report: F2013 to F2024* can be found at www.bcuc.com or www.bchydro.com

⁸ Office of the Auditor General of BC, *Towards a More Accountable Government: Putting Ideas Into Practice*, (February 2000)

Exhibit 1: BC Hydro - Actual and forecast regulatory account balances (\$ Million)



Compiled from: Figure 1, *Regulatory Accounts Report: Fiscal 2013 to Fiscal 2024*, BC Hydro (March 2014)

The BC Hydro report provides readers with:

- ◆ a history and description of regulatory accounts;
- ◆ the categories of regulatory accounts;
- ◆ how each regulatory account balance will be recovered;
- ◆ the application of interest to regulatory accounts;
- ◆ actual regulatory account balances for fiscal years 2005 to 2013 and forecast balances for fiscal years 2014 to 2024; and
- ◆ the effect of earnings sensitivities on regulatory account balances.

Although some of the information contained in BC Hydro’s report had previously been made public in filings with the BCUC, collating this information into a specific document provides for easier accessibility and understandability by readers. For example, BC Hydro’s amended revenue requirement for fiscal years 2012 to 2014 provided descriptions of the regulatory accounts in existence at the time, but this BCUC required filing was nearly 3000 pages. BC Hydro’s audited financial statements also provide details and balances of BC Hydro’s regulatory accounts; however, this information is historical and does not provide details about future regulatory accounts, nor forecasted balances of existing regulatory accounts.

STATUS OF OUR RECOMMENDATIONS

WE ARE ENCOURAGED by BC Hydro's progress in implementing our recommendation related to the recovery plans for regulatory accounts balances. However, risk remains as to the certainty of the forecasted balances of the regulatory accounts. The actual balance for each regulatory account could be significantly higher, or lower, in future years, thereby causing BC Hydro's planned revenue requirements to change, and ultimately impact customers' rates.

For example, BC Hydro identified that a 1% change in the discount rate used to calculate its pension obligations for staff would result in an accounting cost increase or savings of approximately \$300 million. This variance would need to be recovered from, or returned to customers in future years (BC Hydro's report proposes that these variances be recovered from or returned to customers over the estimated average remaining service years of employees, which is currently 13 years). Changes to the discount rate for pension obligations are common. In fact, BC Hydro's discount rate for pension obligations changed by nearly 1% between fiscal years 2012 and 2013.

Management at BC Hydro believe that the planned recovery methods and timelines are achievable. As stated before, we have not audited this plan. Ultimately though, time will validate BC Hydro's plans and forecasts for its regulatory accounts for we will easily see if they are achieving their goals.

Recent changes in accounting standards mean that the Canadian Accounting Standards Board (CASB) have allowed rate-regulated entities such as BC Hydro to continue to use rate-regulated accounting beyond 2015. In January 2014, the International Accounting Standards Board (IASB) published an interim accounting standard⁹ for rate-regulated entities. This standard allows entities that currently recognize regulatory deferral account balances in accordance with their previous GAAP, to continue to do so when making the transition to IFRS. In April 2014 the CASB adopted this standard, thereby permitting Canadian entities to continue to use rate-regulated accounting beyond 2015. We expect this standard to remain in place for many years while the IASB completes its comprehensive rate-regulation project.

The effect of recent changes to the accounting standards mean that, at least at this point in time, and with respect to rate-regulated accounting, BC Hydro is preparing its financial statements in accordance with Canadian GAAP, thereby making our recommendation that BC Hydro prescribe to Canadian GAAP no longer applicable.

⁹ International Financial Reporting Standard 14: Regulatory deferral accounts (January 2014)

LOOKING AHEAD

WE WILL CONTINUE to monitor BC Hydro's use of rate-regulated accounting, including actual performance and management of regulatory account balances. The regulatory account report published by BC Hydro provides our Office with a good benchmark to perform further follow-up work in future years.

An Audit of BC Transit’s Ridership Growth since the launch of the 2008 Provincial Transit Plan – contained within Summary Report: Results of Completed Projects and Other Matters

As at: February 25, 2014
Released: [December 4, 2012](#)

Self-assessment conducted by Ministry of Transportation and Infrastructure - Levi Timmermans, Manager BC Transit Initiatives, BC Transit - Erinn Pinkerton, Director Corporate and Strategic Planning

Comments

A refresh is planned for the Provincial Transit Plan and the recommendations provided by the OAG are seen to assist this endeavour.

Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
<p>Recommendation 1: BC Transit and the Ministry of Transportation and Infrastructure revisit the growth strategy, targets and timelines that support achievement of the long-term goals set in the Provincial Transit Plan.</p> <p>Actions taken, results and/or actions planned</p> <p>BC Transit’s 3-year Service Plan Key Performance Indicators have been modified and enhanced for the 2014/15-2016/17 period. The Minister of Transportation and Infrastructure has publically communicated the need to refresh the Provincial Transit Plan; this refresh is underway.</p> <p>BC Transit continues to work with Local Government partners to develop and confirm long term expansion plans through the BC Transit Transit Improvement Program. The program seeks commitment from local government which thereby allows BC Transit to proceed with securing sufficient funding within the Provincial Budget. This includes the allocation process and results of expansion priorities from Transit Future Plans, other Service Plans, local initiatives as well as major capital initiatives necessary for the development of the transit system.</p>	<p>Partially implemented</p>
<p>Recommendation 2: The Ministry of Transportation and Infrastructure clarify the annual and long-term results it expects BC Transit to achieve under the Provincial Transit Plan.</p> <p>Actions taken, results and/or actions planned</p> <p>The Minister of Transportation and Infrastructure has publically communicated the need to refresh the Provincial Transit Plan; this refresh is underway.</p> <p>BC Transit’s 3-year Service Plan Key Performance Indicators have been modified and enhanced for the 2014/15-2016/17 period. The 2014/15 Government Letter of Expectations (GLE) has been adjusted to recognize the need to collaborate with Local Government partners to achieve the goals and objectives outlined in the Provincial Transit Plan.</p>	<p>Partially implemented</p>

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

Recommendation 3: The Ministry of Transportation and Infrastructure develop a performance measurement framework with which to monitor transit effectiveness relative to the Provincial Transit Plan’s goals. **Fully or substantially implemented**

Actions taken, results and/or actions planned

MOTI monitors progress against PTP targets, this monitoring includes results achieved by BC Transit in support of PTP goals. In support of performance measurement BC Transit has implemented an improved performance reporting structure that monitors individual system effectiveness, efficiency and system growth.

The Minister of Transportation and Infrastructure has publically communicated the need to refresh the Provincial Transit Plan; this refresh is underway. The updated plan will consider a performance measurement framework in which to monitor progress.

Recommendation 4: BC Transit improve and document its analysis and evaluation of the effectiveness of the initiatives implemented to achieve ridership growth. **Fully or substantially implemented**

Actions taken, results and/or actions planned

BC Transit has implemented an improved performance reporting structure that monitors individual system effectiveness, efficiency and system growth. This enables evidence-based decision making and ensures system enhancements target areas that will have the most value. These performance reports are shared with Local Government partners and are used when developing future service plans and budgets.

Recommendation 5: BC Transit correct weaknesses in its ridership data to ensure the quality of the data is adequate for the uses intended. **Partially implemented**

Actions taken, results and/or actions planned:

BC Transit has undertake a ridership review and continues to monitor the various methods to collect and report on ridership. A more formal process has been developed to collect data through the GFI farebox program and a review of the existing APC program is underway as part of a larger corporate strategy to implement AVL technology (Automatic Vehicle Location) throughout the fleet. The process of improving ridership data is also being discussed with local government to ensure alignment with their expectations and affordability.

All information has been provided by the organization and has not been audited.

An Audit of Biodiversity: Assessing the Effectiveness of Key Tools

As at: February 24, 2014

Released: [February 14, 2013](#)

Discussed by the Public Accounts Committee: [November 18, 2013](#)

Self-assessment conducted by Ministry of Environment and Ministry of Forests Lands and Natural Resource Operations

Comments

The Ministries of Environment (MOE) and Forests, Lands, and Natural Resource Operations (MFLNRO) are pleased to provide this update on progress made implementing the recommendations provided by the Office of the Auditor General in its 2013 report on biodiversity in BC.

As outlined in the audit and in our response to the audit, the challenges to effectively assessing and managing conservation of biodiversity are ubiquitous and complex. Our agencies are committed to improving government's performance in this regard and the audit and this self assessment have been valuable tools for assisting us in that improvement.

The self-assessment below outlines the steps taken by the Province in the year since the release of the audit with recognition that fully implementing all the recommendations is a longer-term, comprehensive commitment. To date, our ministries have partially or substantially implemented the six recommendations contained within the audit and are committed to fully implementing all six recommendations in the future.

As indicated in our initial response to the audit, many of the actions currently being carried out by government and associated with the transition to a coordinated natural resource sector approach to land management will provide opportunities for a much more comprehensive assessment of how we manage our resources, including the conservation of biodiversity in BC. As these actions are longer in term, we will continue to integrate this work with our commitments on biodiversity as we continue our transition to this coordinated approach.

All information has been provided by the organization and has not been audited.

Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
<p>Recommendation 1: Make a long-term commitment to collect sufficient and reliable information about the status of biodiversity in BC and apply this information to make informed decisions about the conservation of biodiversity.</p>	<p>Partially implemented</p>
<p>Actions taken, results and/or actions planned</p> <p>Since the audit, the Province has initiated several actions to improve both the collection of new information, and to ensure the information we have is utilized in the most effective manner.</p> <p>Early analyses into securing long-term funding for collection of information on biodiversity has included a survey of current funding and governance approaches to environmental monitoring, as well as various third party partnerships. These models are also being explored in the context of funds that are proposed for conservation benefit through voluntary offsetting. External and internal trust options are being examined more closely in the specific context of the Environmental Mitigation Policy (more information under recommendation #2 below).</p> <p>An important step towards making informed decisions about biodiversity conservation is to clearly define the key biodiversity values so that we can then assess, monitor, and manage for those values. Preliminary steps are underway to create a ‘Values Foundation’ for the Province. This product will help to identify the critical biodiversity values that need to be monitored for cumulative effects, mitigation purposes, and general management purposes. Under an interagency steering committee, two teams have been initially directed to develop provincial values associated with watersheds and forest biodiversity.</p> <p>The Ministry of Environment has drafted new Data Security Policy and Procedures with consultation nearing completion prior to sign off. These will ensure that data remains secure where necessary, but will be available for the assessment of biodiversity status and trends. In the past, inconsistencies in policies and procedures meant that secure data was not always available for these purposes, and that some data were secured unnecessarily. As such, this essentially represents a new source of data.</p> <p>In conjunction with the new data security policy, we are currently amending our data submission web sites to clarify and streamline data submissions. These actions will lead to more data being submitted to Ministry inventory systems (e.g. Wildlife Species Inventory) and thus available to the Conservation Data Centre (CDC), and more efficient uploading of data to the Ministry’s public website (consistent with Government’s Open Data Policy) where it will be available to help inform decisions on the land base.</p>	

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

Recommendation 2: Review its legislative framework to ensure that any significant gaps, inconsistencies or barriers to achieving conservation of biodiversity are identified and addressed. **Partially implemented**

Actions taken, results and/or actions planned

As noted, the shift to a more coordinated natural resource sector provides an opportunity to take a more comprehensive look at opportunities to refine our legislative and policy frameworks across the natural resource sector. Given the magnitude of this task and the realities of legislative schedules, these opportunities will be ongoing and longer term over the next 4-5 years.

We have made substantial progress on several policy initiatives designed to create better outcomes for biodiversity conservation.

The Ministry of Environment completed the draft Environmental Mitigation Policy (EMP) in June 2012 and a trial application phase with several proponents was carried out until March 2013. Revisions to the policy were completed based on the lessons learned through trial application and critical review of the documents by several experts. Revised versions of both documents are currently posted externally and implementation of the policy is being supported by several extension workshops planned throughout the province in March 2014.

www.env.gov.bc.ca/emop/

The EMP will provide a consistent approach to mitigation of environmental impacts and help ensure that any residual impacts from major resource developments are avoided, mitigated, or offset in order to help conserve biodiversity.

One of the key conservation challenges facing all levels of governments is the conservation of biodiversity on private lands. The Province believes that a voluntary stewardship approach, which uses incentives where feasible, is the best approach to conserving biodiversity on private lands. An inter-ministry project team was struck in 2013 to assess options and bring them forward for implementation. Advice is also being sought through an external Species and Ecosystems at Risk (SEAR) Incentive Working Group that was established for this project.

In addition, the existing SEAR Local Government Working Group (a group that includes representatives from the Province and 84 local governments across BC) tabled a report entitled 'An Initial Assessment of Economic Incentives for Protecting SEAR on Private Lands and their Potential Application in BC' in March 2013. In October 2013, these two groups held a provincial symposium to discuss incentives including case studies from various areas in the province.

www.env.gov.bc.ca/wld/searl_gwg/

Recommendation 3: Assign responsibilities and timelines for its conservation actions and demonstrate how the prioritization of these actions is conserving biodiversity. **Partially implemented**

Actions taken, results and/or actions planned

Thanks to this audit, the Province realized that a new approach to prioritising its actions to conserve biodiversity was required. The Ministries of Environment and Forests Lands and Natural Resource Operations are currently initiating a pilot of a Threat-based Management (TBM) approach to conservation of biodiversity and for species at risk in particular. Among other benefits, this approach will build on previous work from the Conservation Framework to develop area-based priorities for actively mitigating threats to biodiversity. The intent is to pilot the TBM approach in the Kootenay/Boundary region in 2014/15 and then apply it across the province in coming years.

This process has been developed by world-leading conservation scientists in Australia and has been successfully implemented in both Australia and New Zealand. The process develops a fully prioritised list of conservation actions for a given region (based on probability of success and cost effectiveness) which can then be implemented by government and its partners. We expect this process to provide a 'conservation prospectus' that all partners and stakeholders can use to more effectively allocate limited funding to actions of highest success and effectiveness.

By developing a prioritised list of conservation actions and implementing those actions with our conservation partners, we fully expect to be able to better demonstrate how those actions are working to help conserve biodiversity in BC.

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

Recommendation 4: Establish goals, objectives, targets and timelines to fully implement its habitat designation tools and determine whether other tools are necessary to achieve its objective of conserving biodiversity. **Partially implemented**

Actions taken, results and/or actions planned

Thanks, in part, to this audit the Province realised that improvements to the habitat designation process under the Government Actions Regulation (GAR) were needed. Accordingly, MFLNRO has initiated a Lean project designed to improve the efficiency of the habitat identification and designation process under GAR. The goals of this Lean project are to ensure a provincially consistent Wildlife Habitat Area/Ungulate Winter Range (WHA/UWR) designation process that is designed and implemented by Ministry staff, and that will inform all other GAR processes. That project is currently underway with a timeline for completion and implementation of recommendations through early 2014.

A review of the existing Identified Wildlife Management Strategy (IWMS) (provincial policy for managing species and ecosystems at risk from activities of the forest and oil and gas industries) was commissioned and completed in 2013. The review contained several recommendations for government and options for implementing the recommendations have been approved by executive. One of the key recommendations related to this audit was to develop a monitoring and reporting framework to report on IWMS implementation and to assess whether the program is meeting its ecological objectives. A project plan for implementing the endorsed options is currently being developed.

As an ongoing part of the natural resource sector transformation, we will continue to assess new policy, legislation, and other tools for the conservation of habitat and biodiversity.

Recommendation 5: Complete sufficient monitoring to assess the effectiveness of its actions in the conservation of biodiversity. **Partially implemented**

Actions taken, results and/or actions planned:

Since the audit was conducted a Forest Biodiversity Monitoring protocol has been developed and preliminary results were presented to a technical advisory group (January 28, 2014). The Forest Biodiversity Monitoring Protocol has been developed using data available in government data holdings (via Hectares BC). This landscape level monitoring tool will complement existing stand-level biodiversity data collected by the Forest & Range Evaluation Program (FREP). The output of this Forest Biodiversity Monitoring protocol is planned for release as part of the Multi-Resource Value Assessment (MRVA 2) Reports.

Additionally, work continues on the development of a Natural Resource Sector (NRS) monitoring strategy. Four options have been created and are currently being reviewed by a NRS technical team prior to sign off.

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

Recommendation 6: Report periodically to the Legislative Assembly and the public on how its actions are impacting the status of biodiversity and how it's meeting its provincial, national and international commitments to biodiversity.

Fully or substantially implemented

Actions taken, results and/or actions planned:

In support of this recommendation, Environmental Reporting BC published an indicator describing changes in the status of all native vertebrate species in February 2013, and subsequently updated it in January 2014.

www.env.gov.bc.ca/soe/indicators/plants-and-animals/native-vertebrate-species.html

The indicator is called the Conservation Status Index (CSI), and is an aggregated score that reflects the overall conservation status (risk of extinction) of a group of species at a given time. The trend in the CSI over time is an indication of how the overall status of a group of species is changing.

The CSI is based on the Red List Index, developed by the International Union for the Conservation of Nature (IUCN) and Bird Life International that has been adopted internationally as a key indicator to track the status of biodiversity (www.bipindicators.net/rli/).

This indicator will be kept up-to-date in conjunction with the Conservation Data Centre's assessment cycle. Work is also underway on a new indicator that provides a more comprehensive look at ecosystem representation in protected areas, which will help inform future decisions for conservation of important habitats in BC.

In addition, the BC Conservation Data Centre (BC CDC) continues to upgrade and improve the Species and Ecosystems Explorer website, which provides a central access point for information on the status and distribution of species and ecosystems at risk.

www.env.gov.bc.ca/atrisk/toolintro.html

As part of the Canadian Biodiversity Strategy, the Province has been collaborating with Environment Canada to produce Canada's 5th National Report to the United Nations Convention on Biological Diversity (expected release in 2014), and to produce Canada's national biodiversity targets and goals based on the global 'Aichi' 2020 targets and goals for biodiversity (From The Convention on Biological Diversity's 2011-2020 Strategic Plan).

All information has been provided by the organization and has not been audited.

An Audit of Carbon Neutral Government

As at: February 19, 2014

Released: [March 27, 2013](#)

Discussed by the Public Accounts Committee: [November 20, 2013](#)

Self-assessment conducted by Climate Action Secretariat

Comments

In the Audit of Carbon Neutral Government report, the response from the Ministry of the Environment details actions that had already been taken to make progress against the audit's recommendations. This included measures such as:

- ◆ developed a diversified portfolio of 32 projects in all sectors of the economy and all regions of BC;
- ◆ completed extensive engagement with stakeholders and experts to improve the Carbon Neutral Government program;
- ◆ eliminated reporting costs across the public sector;
- ◆ implemented a new Carbon Neutral Capital Program to help the education sector reduce emissions and lower energy costs; and,
- ◆ provided greater transparency by publicly releasing the purchase price of every offset.

Since the release of the audit, the Government has taken further efforts to improve our Carbon Neutral Government program and in turn respond to the recommendations of the Auditor General, including:

- ◆ Reduced the costs of our offsets program and dissolved the Pacific Carbon Trust;
- ◆ Integrated the offset program into the Climate Action Secretariat to help streamline roles and responsibilities and to more directly focus investments on overcoming the key barriers to reducing emissions and realizing a green economy; and
- ◆ Expanded our Carbon Neutral Capital Program so that schools, universities, colleges and hospitals have more capital funding to reduce greenhouse gas emissions, save on energy costs, and demonstrate clean technologies.

In our self-assessment, we have provided further details on our progress against each of the recommendations.

All information has been provided by the organization and has not been audited.

Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
<p>Recommendation 1: The Climate Action Secretariat (CAS) work with public sector organizations to ensure each is pursuing reasonable actions to reduce emissions. As part of this, government should consider establishing public sector emission reduction targets.</p> <p>Actions taken, results and/or actions planned</p> <p>The Government’s response details actions taken against this recommendation and commits that the Climate Action Secretariat will take greater efforts to promote emission reductions across the public sector. As government reports on BC’s Carbon Neutral Government commitment over time, it will assess whether emission reductions are broadly in line with BC’s provincial greenhouse gas reduction targets to ensure government’s achieving appropriate results.</p> <p>Government has recognized that although there have been some results already in reducing public sector emissions, more needs to be done. In Budget 2014, the government committed that the Carbon Neutral Capital Program, which provides dedicated funding to help the education sector reduce emissions and save on energy costs, will be expanded to universities, colleges and hospitals.</p> <p>CAS has made a strategic shift from Carbon Neutral Government (CNG) program administration to an increased emphasis on greenhouse gas (GHG) emissions reduction. Specific actions that align with this shift include:</p> <ul style="list-style-type: none"> ◆ Convened energy efficiency training workshops for Public Sector Organizations (PSOs) in collaboration with NRCAN. ◆ Worked with Capital Planning teams across government to identify high leverage opportunities to reduce GHG emissions in Health, Education and Advanced Education. Specific areas of focus included: <ul style="list-style-type: none"> ◆ Close gap on deferred maintenance in public sector buildings ◆ Provide consistency with respect to annual facilities grants – allow carry over ◆ Specify energy performance target in LEED Gold policy ◆ Adopt energy performance standard for existing buildings ◆ Incorporate consistent carbon price forecast in Government’s Capital Asset Management Framework (CAMF) ◆ Revised the Carbon Neutral Action Report (CNAR) used by public sector organizations to put greater emphasis on emission reduction activities. 	<p>Fully or substantially implemented</p>
<p>Recommendation 2: The Climate Action Secretariat ensure supplementary guidance to the Emission Offsets Regulation be finalized and adhered to.</p> <p>Actions taken, results and/or actions planned</p> <p>The government response committed that guidance would be reviewed and formalized.</p> <p>PCT has developed comprehensive guidance for offset project proponents.</p> <p>PCT is now completing an orderly wind-down of its operations, and preparations are underway to begin offset procurement within CAS. As a result, CAS will be directly responsible for issuing guidance and ensuring that it is followed.</p>	<p>Fully or substantially implemented</p>

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

<p>Recommendation 3: The Pacific Carbon Trust, to better manage offset purchase risks, ensure that the results of its due diligence efforts are satisfactorily analyzed, concluded and documented.</p>	<p>Fully or substantially implemented</p>
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Actions taken, results and/or actions planned

The Government response committed that in support of the recommendation, PCT would continue to work with Deloitte and Touche and other industry experts to implement continuous improvement.

Deloitte provided a follow-up performance review to assess PCT’s implementation of previous recommendations and to suggest further areas for improvement. Most of the recommendations have already been implemented.

On Nov. 19, 2013, Government announced that PCT would be dissolved and transitioned into the Ministry of Environment (Climate Action Secretariat). The new procurement unit is in the process of being established, and beginning in April 2014, CAS expects to initiate procurement for the 2014 calendar year. Work is underway to establish new operational processes, portfolio objectives and enhancements to manage offset purchase risks, due diligence, as well as stakeholder advisory roles. Government is committed to improving policies and programs as they related to offsets and will collaborate with experts and stakeholders to ensure they are effective.

<p>Recommendation 4: The Climate Action Secretariat provide stronger oversight to ensure that the offsets purchased on behalf of government are credible.</p>	<p>Fully or substantially implemented</p>
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Actions taken, results and/or actions planned

The dissolution of PCT and transfer of offset procurement responsibilities to CAS will establish a single responsibility for ensuring due diligence in purchasing credible offsets.

Government is committed to improving policies and programs as they relate to offsets and CAS will collaborate with experts and stakeholders to ensure an appropriate level of oversight is delivered and that offset purchases are, and are seen to be, credible.

<p>Recommendation 5: The Pacific Carbon Trust provide greater transparency about the cost-effectiveness of its purchases.</p>	<p>Fully or substantially implemented</p>
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Actions taken, results and/or actions planned:

The Government’s response acknowledged that the carbon market had sufficiently matured to allow for more transparent financial reporting and that all carbon offset payment and pricing information is now publicly available.

Going forward, CAS will continue to release pricing information in conjunction with the release of the annual carbon neutral government portfolio. In addition, it will also look at ways to increase transparency and value for money.

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

Recommendation 6: The Climate Action Secretariat and the Pacific Carbon Trust ensure that reporting on carbon neutrality assesses the trade-offs between reducing government emissions and offsetting those emissions through the purchase of offsets.

Fully or substantially implemented

Actions taken, results and/or actions planned:

The Government's response committed to taking further actions to communicate the value of reducing public sector emissions as well as investing in emission reductions across BC.

CAS and the PCT have developed a series of public information products communicating the value of CNG, including both the benefits of reducing emissions and energy costs in the public sector as well as the value of the PCT's offset portfolio across BC.

These products include:

- ◆ The annual CNG report
- ◆ The annual PCT report
- ◆ Webinars
- ◆ Information posted to the LiveSmart Leaders Community
- ◆ Expert committees to improve the measurement and reporting of actions taken by PSOs as well as the effectiveness of the PCT's offset portfolio.

All information has been provided by the organization and has not been audited.

Crown Agency Board Governance - BC Transit

As at: February 25, 2014

Released: [May 28, 2012](#)

1st Follow-up: [April 2013](#)

Discussed by the Public Accounts Committee: [June 11, 2012](#)

Self-assessment conducted by Ministry of Transportation and Infrastructure - Levi Timmermans, Manager BC Transit Initiatives, BC Transit - Erinn Pinkerton, Director Corporate and Strategic Planning

Recommendations

RECOMMENDATIONS ADDRESSED IN PREVIOUS FOLLOW-UP REPORT(S):	SELF-ASSESSED STATUS
Recommendation 1: The Ministry of Transportation and Infrastructure ensure the board of BC Transit is composed of directors with adequate skills and experience to fulfill its governance responsibilities.	Fully or substantially completed
Recommendation 6: The BC Transit board establish and implement an annual process to evaluate its performance and the performance of individual board directors in fulfilling its governance responsibilities.	Fully or substantially completed

Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 2: The Ministry of Transportation and Infrastructure ensure that the board appointment process allows the board to maintain a quorum at all times.	Partially implemented

Actions taken, results and/or actions planned

The Ministry and Board Resourcing and Development Office (BRDO) have work closely to action two (2) Board appointments in a timely manner; these appointments were made effective June 2012. This recommendation, further to the BC Transit Independent Review’s recommendation, is supported through on-going collaboration between BRDO and Ministry staff to enhance the BC Transit Board.

Note: the *BC Transit Act* does not preclude the BC Transit Board from functioning should a quorum not be attained.

Recommendation 3: The Ministry of Transportation and Infrastructure and BC Transit engage in more comprehensive consultation with each other to develop performance expectation that are clear and acceptable to both parties.	Partially implemented
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Actions taken, results and/or actions planned

In response to this recommendation and further to the BC Transit Independent Review, the Ministry and BC Transit have been proactive to harmonize and enhance business communications. Specifically the Ministry and BC Transit have worked together in preparing key program documents including: 2014/15 GLE, 2014/15-2017/18 Service Plan. Additional process improvement are underway related to enhancements to the Ministry-BCT Capital Contribution Agreement. Regularly-scheduled financial and program meetings also occur.

The OAG has recently published a performance audit of BC Transit. This audit included several recommendations related to performance expectations and the Ministry and BC Transit are working collaboratively to implement their respective actions.

All information has been provided by the organization and has not been audited.

Recommendation 4: The BC Transit board develop and implement a training plan that ensures board members have the necessary knowledge and ongoing training to meet their responsibilities.

Partially implemented

Actions taken, results and/or actions planned

Training opportunities are being explored for the Board's 2014 development program and are based on the results of the Director self-assessments and facilitated discussion conducted as part of the 2013 Strategic Planning Session. Financial management and governance topics were identified as key training priorities.

Recommendation 5: The BC Transit board develop and publicize a written charter that describes the board's responsibilities in accordance with the provincial government's best practice guidelines.

Fully or substantially completed

Actions taken, results and/or actions planned

The Board developed a Charter describing the Board's roles and responsibilities and the governance process used to fulfill Board duties; legal obligations, roles and responsibilities, and procedures are outlined in the Board Handbook. The Handbook also contains links to relevant reference material and the Crown Agency Best Practices checklist. Assessment against the checklist is reviewed annually and published on the BC Transit website.

All information has been provided by the organization and has not been audited.

Crown Agency Board Governance - Camosun College

As at: February 4, 2014

Released: [May 28, 2012](#)

1st Follow-up: [April 2013](#)

Discussed by the Public Accounts Committee: [June 11, 2012](#)

Self-assessment conducted by **Marily Pattison, Ph.D., Chair, Board of Governors**

Comments

Comments under Recommendations 1 though 5 are as noted in Camosun’s previous report .

Recommendations

RECOMMENDATIONS ADDRESSED IN PREVIOUS FOLLOW-UP REPORT(S):	SELF-ASSESSED STATUS
Recommendation 1: The Camosun College board develop a comprehensive competency matrix and documented succession plan to effectively support the board appointment process.	Fully or substantially completed
Recommendation 2: Government and the Camosun College board ensure that board member candidates are appointed in a timely manner.	Fully or substantially completed
Recommendation 3: Government and the Camosun College Board ensure that board members collectively possess adequate skills and experience to fulfill the board’s governance responsibilities.	Fully or substantially completed
Recommendation 4: The Ministry of Advanced Education and the Camosun College board agree on the board’s role in implementing and monitoring government and institutional performance expectations and accountabilities.	Fully or substantially completed
Recommendation 5: The Camosun College board direct management to strengthen linkages between Camosun College’s institutional strategic plan and government’s strategic objectives and performance expectations for the college.	Fully or substantially completed

Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 6: The Camosun College board complete annual performance evaluations for all board members and board committees.	Fully or substantially implemented

Actions taken, results and/or actions planned

All board members annually evaluate the board as a whole, as well as the board chair. In addition, all committee members evaluate the standing committees in which they participate, and the chairs of the standing committees. Individual board members will continue to be evaluated prior to application for renewal of their terms.

All information has been provided by the organization and has not been audited.

Crown Agency Board Governance - University of Northern British Columbia

As at: February 20, 2014

Released: [May 28, 2012](#)

1st Follow-up: [April 2013](#)

Discussed by the Public Accounts Committee: [June 11, 2012](#)

Self-assessment conducted by John Turner, Chair, University of Northern British Columbia

Recommendations

RECOMMENDATIONS ADDRESSED IN PREVIOUS FOLLOW-UP REPORT(S):	SELF-ASSESSED STATUS
Recommendation 1: The UNBC board implement and maintain an up-to-date competency matrix and succession plan to effectively support the board appointment process.	Fully or substantially completed
Recommendation 2: Government and the UNBC board ensure that term end dates maintain a balance between continuity of experience and injection of fresh perspectives.	Fully or substantially completed
Recommendation 5: The UNBC board direct management to develop and implement an enterprise-wide risk management program	Fully or substantially completed

Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 3: Government and the UNBC board agree on the board’s role in implementing and monitoring government and institutional performance expectation and accountabilities.	Fully or substantially completed

Actions taken, results and/or actions planned

The UNBC Board of Governors receives a Government Letter of Expectations each year, and the board is aware of the institutional performance expectations and accountabilities identified in that letter. The Board approves the Institutional Accountability Plan annually as well as the University Plan. Updates on the University’s performance are provided to the board quarterly by management.

Recommendation 4: The UNBC board direct management to strengthen linkages between the University Plan and government’s strategic objectives and performance expectations for UNBC.	Fully or substantially completed
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Actions taken, results and/or actions planned

The Board of Governors regularly reviews the government’s strategic objectives and performance expectations for UNBC with University Senior Administrators who are in regular contact with provincial Ministries. To ensure appropriate linkages exist, the Board of Governors reviews the University Plan annually and the University President reports quarterly on progress to meet or exceed those objectives.

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

Recommendation 6: The UNBC board oversee the development and implementation of a communications plan that defines its role in stakeholder relations and external communications.	Fully or substantially completed
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Actions taken, results and/or actions planned

The board began receiving formal regular reports from the Office of External Relations in January 2012, for information and feedback that includes stakeholder relations and communications.

Recommendation 7: The UNBC board complete performance evaluations annually.	Partially implemented
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Actions taken, results and/or actions planned

In the new board committee structure, the board has clearly addressed evaluation of UNBC’s board performance through the Governance Committee. These evaluations for effectiveness will occur annually and will include the Board Chair, Committee members and individual Governors, commencing in spring 2014.

All information has been provided by the organization and has not been audited.

Crown Agency Board Governance - Vancouver Coastal Health Authority

As at: February 20 2014

Released: [May 28, 2012](#)

1st Follow-up: [April 2013](#)

Discussed by the Public Accounts Committee: [June 11, 2012](#)

Self-assessment conducted by the VCH Board and David Ostrow, CEO VCH
Self-assessment conducted by Ministry of Health

Comments

Timeliness of board appointments have improved significantly since the April follow up report.

As appointments are being made in a timely manner and VCHA’s recommendations and skill and competency requirements on new appointees are being considered, things appear to be on track for VCHA.

Recommendations

RECOMMENDATIONS ADDRESSED IN PREVIOUS FOLLOW-UP REPORT(S):	SELF-ASSESSED STATUS
Recommendation 2: The Ministry of Health and the Vancouver Coastal Health board come to a shared understanding of the board’s role in establishing the health authority’s accountabilities and the ministry’s performance expectations, as these relate to province-wide strategic priorities for health care.	Fully or substantially completed
Recommendation 3: The Vancouver Coastal Health board ensure board members receive adequate orientation and ongoing professional development to fulfill their governance roles and responsibilities.	Fully or substantially completed
Recommendation 4: The Vancouver Coastal Health board conduct annual performance evaluations for all board members.	Fully or substantially completed
Recommendation 5: The CEO performance evaluation be clearly linked to the achievement of strategic priorities.	Fully or substantially completed
Recommendation 6: The Vancouver Coastal Health board oversee the development and implementation of an external communications plan that defines its role in stakeholder relations and external communications.	Fully or substantially completed

Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 1: Government and the Vancouver Coastal Health board ensure that board member candidates are appointed in a timely manner.	Fully or substantially completed

Actions taken, results and/or actions planned

Recent meetings with the Board Resource Office have been very productive with prioritization of board needs and capacity. Recommendations for names of candidates are now being processed in a timely manner.

Provide necessary paperwork to VCHA and then to BRDO well in advance of terms expiring. Appointments appear to be being made in a timely manner and VCHA advises their skills and competency requirements as well as their recommendations for names of candidates are now being considered by BRDO. Things appear to be on track for VCHA.

All information has been provided by the organization and has not been audited.

Effectiveness of BC Community Corrections

As at: February 20, 2014

Released: [December 7, 2011](#)

First Follow-up: [April, 2013](#)

Second Follow-up: [October, 2013](#)

Discussed by the Public Accounts Committee: [April 24, 2012](#)

Self-assessment conducted by Bill Small, Provincial Director, Community Corrections Division, BC Corrections Branch, Ministry of Justice

Comments

BC Community Corrections is pleased to provide this further update on our progress to implement the recommendations outlined by the Office of the Auditor General (OAG) in its 2011 report, “Effectiveness of BC Community Corrections.”

We are pleased to have already fully or substantially implemented seven of the eight recommendations provided to us by the Auditor General, and continue to work towards implementing the eighth.

Recommendations

RECOMMENDATIONS ADDRESSED IN PREVIOUS FOLLOW-UP REPORT(S):	SELF-ASSESSED STATUS
Recommendation 1: Publicly report its performance in reducing the overall rate of re-offending with a discussion of the role of the CCCP plays, as well as the impact a performance measure that can change over time has on confirming program effectiveness.	Fully or substantially completed
Recommendation 3: Complete a comprehensive impact assessment to determine if there are any gaps between its staff capacity and caseload level currently and in the future.	Fully or substantially completed
Recommendation 4: Confirm the courses required to supervise each case type and then update its policies to ensure probation officers complete the appropriate training before supervising offenders.	Fully or substantially completed
Recommendation 5: Strengthen its quality assurance model to ensure it is consistently applied and provides accurate and complete information on the quality of probation officers’ work.	Fully or substantially completed
Recommendation 6: Ensure that probation officers thoroughly document their rationale for risk/needs assessment ratings and how offenders’ risks and needs will be effectively addressed.	Fully or substantially completed
Recommendation 7: Ensure offenders receive and complete the interventions required in their case management plans.	Fully or substantially completed
Recommendation 8: Ensure that enforcement guidelines are consistently applied, and that all breaches are documented in compliance with policy.	Fully or substantially completed

All information has been provided by the organization and has not been audited.

Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
<p>Recommendation 2: Community Corrections and Corporate Programs division extend its evaluation framework to understand the effectiveness of contracted service providers and community programs in reducing re-offending.</p>	<p>Partially implemented</p>

Actions taken, results and/or actions planned

The BC Corrections Branch's Performance, Research and Evaluation Unit (PREv) continues its evaluation and research activities to support the Branch in assessing program effectiveness. On the heels of the Violence Prevention Plan (VPP) evaluation outlined in our last self-assessment, the PREv is releasing two concurrent assessments:

1. An impact analysis of the Integrated Offender Management (IOM) program, which examines the impact of this program on offender recidivism rates.
2. A broader program evaluation of the IOM program's partnership with the Ministry of Social Development and Social Innovation-led Homelessness Intervention Program.

In addition, the Community Corrections Division continues work to establish key performance indicators and performance measures for its contracts, in addition to any Ministry-wide efforts to establish standardized templates. To lead this work, a working group has been established, comprised of staff from our finance, procurement, operations and research areas.

All information has been provided by the organization and has not been audited.

Managing for Results: Post-Secondary Accountability Framework Audit – Contained within Summary Report: Results of Completed Projects (2011)

As at: February 2014
 Released: [December 7, 2011](#)
 First Follow-up: [April, 2013](#)

Self-assessment conducted by **Jacqui Stewart/Claire Avison**

Recommendations

RECOMMENDATIONS ADDRESSED IN PREVIOUS FOLLOW-UP REPORT(S):	SELF-ASSESSED STATUS
Recommendation 1: The Ministry of Advanced Education provide a clear line of sight and linkage of its strategic communications to institutions, including the accountability framework, to clearly communicate performance expectations for results to be achieved.	Fully or substantially completed
Recommendation 2: The Ministry of Advanced Education strengthen its current performance management processes and require that contingency plans be put into place for institutions where performance expectations are not being met. These plans should provide institutions with targets and time lines for addressing performance issues.	Fully or substantially completed
Recommendation 3: The Ministry of Advanced Education review its targets for institutions on a regular basis to ensure they are both challenging and achievable. Targets where institutions are consistently falling short, or have consistently exceeded them, should be reviewed as a matter of priority.	Fully or substantially completed
Recommendation 5: The Ministry of Advanced Education provide clear and comprehensive performance reporting in relation to the post-secondary accountability framework.	Fully or substantially completed

Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 4: The Ministry of Advanced Education find another mechanism to link funding to meeting performance targets, so that there are consequences if performance targets are not met.	Fully or substantially completed

Actions taken, results and/or actions planned

The Ministry now funds a number of targeted programs where the funding is linked directly to the outcomes of the program. Funding for these initiatives is tied to the institution continuing to offer the program and delivery of results against performance targets. Examples include health programs, targeted skills programs, and short-term training under the Skills Development Employment Benefit program. Funding letters for these programs clearly articulate the desired outcomes, and include stipulations and targeted reporting requirements.

The Ministry is considering expanding these targeted programs in the future.

The Ministry’s Fiscal Management plan includes a process to monitor and manage institutions’ spending of provincial funding to ensure the net impact is an improvement to the fiscal plan and impacts to students are minimized.

All information has been provided by the organization and has not been audited.

School District Board Governance Examinations - SD27 Cariboo-Chilcotin

As at: January 29, 2014

Released: [April 2, 2013](#)

Discussed by the Public Accounts Committee: [November 21, 2013](#)

Self-assessment conducted by Kevin Futcher, Secretary Treasurer

Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
<p>Recommendation 1: Create a formal whistleblower policy and a conflict-of-interest policy.</p> <p>Actions taken, results and/or actions planned</p> <p>A Whistle Blower draft policy is currently being circulated for public input. Expected approval late February. The development of a Conflict of Interest policy is currently being discussed by the Board of Education. The Board is currently waiting for recommendations and a policy template from the BCSTA's Conflict of Interest Working Group.</p>	<p>Partially implemented</p>
<p>Recommendation 2: Review its governance activities continually and ensure that it is sufficiently delegating operational activities to management.</p> <p>Actions taken, results and/or actions planned</p> <p>The Board of Education is in the process of initiating a self-review process. The intent is to complete this review by the end of this year.</p>	<p>Partially implemented</p>

All information has been provided by the organization and has not been audited.

School District Board Governance Examinations - SD75 Mission

As at: February 12, 2014

Released: [April 2, 2013](#)

Discussed by the Public Accounts Committee: [November 21, 2010](#)

Self-assessment conducted by Edie Heinrichs, Chairperson

Comments

We thank you for your follow-up email. In response to the Recommendations, please see below.

Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
<p>Recommendation 1: Ensure that management provides information to the board about the school district and its operations that is sufficient, appropriate, readily available and useful for supporting effective decision making.</p> <p>Actions taken, results and/or actions planned</p> <p>This is going well. We have a Superintendent of Schools who practices inclusion and cooperation at all staff levels. Superintendent Fletcher continues to encourage these philosophies as we all work together to improve education for Mission students. This has made task forces and committees a valuable contribution to accommodate the workload and also to create ownership of initiatives.</p>	<p>Partially implemented</p>
<p>Recommendation 2: Ensure that management has a financial management framework in place, including well-designed and effective internal controls.</p> <p>Actions taken, results and/or actions planned</p> <p>We have well qualified personnel in place who are responsible for our financial framework. We have hired an Assistant Secretary Treasurer who is being trained for succession. Our staff not only are now providing us with detailed financial information but are available to clearly answer all of our questions.</p>	<p>Partially implemented</p>
<p>Recommendation 3: Review its governance activities continually and ensure that it is sufficiently delegating operational activities to management.</p> <p>Actions taken, results and/or actions planned</p> <p>In this area we continue to work to clearly draw lines between oversight and micro-managing. We are in the process of aligning our committee structures to the suggestions made by the Audit Team. Historic mandates were located by our new Executive Assistant and we have nearly completed work on updating these.</p> <p>I believe this structure and the updated mandates will be very helpful to continue to support this work.</p>	<p>Partially implemented</p>

All information has been provided by the organization and has not been audited.

School District Board Governance Examinations - SD36 Surrey

As at: February 25, 2014

Released: [April 2, 2013](#)

Discussed by the Public Accounts Committee: [November 21, 2013](#)

Self-assessment conducted by SD36

Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 1: Formally publish a complete code of conduct and ethical standards for the school district.	Partially implemented
Actions taken, results and/or actions planned	
We do have a Code of Conduct Policy 7212 & Conflict Policy 7213	

All information has been provided by the organization and has not been audited.

School District Board Governance Examinations - Ministry of Education

As at: February 28, 2014

Released: [April 2, 2011](#)

Discussed by the Public Accounts Committee: [November 21, 2013](#)

Self-assessment conducted by Ian Rongve, Assistant Deputy Minister, Knowledge Management and Accountability

Comments

In January 2014, the Ministry of Education re-organized to support better school district accountability and improved governance. Two new Executive Director positions have been created; one is responsible for Education Sector Organizational Excellence, and a second is responsible for Board Accountability and Corporate Reporting. These Executive Directors have been tasked with implementation of the Auditor General’s recommendations.

Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
<p>Recommendation 1: Work with the Board Resourcing and Development Office to customize and communicate expectations for school board governance practices, including financial and risk management, competency assessment, and board and superintendent evaluation.</p> <p>Actions taken, results and/or actions planned</p> <p>The Executive Director, Education Sector Organizational Excellence has been tasked with implementing this recommendation (see comment section above).</p>	<p>Partially implemented</p>
<p>Recommendation 2: Look at enhancing orientation and professional development opportunities for trustees concerning good practices in board governance in collaboration with stakeholders such as the School Trustees Association.</p> <p>Actions taken, results and/or actions planned</p> <p>The Executive Director, Education Sector Organizational Excellence has been tasked with implementing this recommendation (see comment section above).</p>	<p>Partially implemented</p>
<p>Recommendation 3: Improve its direct communication with school boards to ensure that school district performance expectations are clearly understood.</p> <p>Actions taken, results and/or actions planned</p> <p>The Executive Director, Board Accountability and Corporate Reporting has been tasked with implementing this recommendation (see comment section above).</p>	<p>Partially implemented</p>

All information has been provided by the organization and has not been audited.

Striving for Quality, Timely and Safe Patient Care: An Audit of Air Ambulance Services in BC

As at: February, 21 2014
Released: [March 21, 2013](#)

**Self-assessment conducted by Dan Froom, Executive Director, Provincial Programs, BC Ambulance Service
Doug Blackie, Director, Critical Care Programs, BC Ambulance Service**

Comments

BC Emergency Health Services (BCEHS) is pleased to provide the Office of the Auditor General with this progress report on the Air Ambulance services audit released on March 21, 2013. BCEHS has made considerable progress toward implementing all of the Auditor General's recommendations. The summary below will provide a general overview of our progress to date as well as our plans to further strengthen the air ambulance service with a focus on patient care quality, safety, operational excellence and fiscal responsibility.

All information has been provided by the organization and has not been audited.

Outstanding Recommendations

RECOMMENDATIONS AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
<p>Recommendation 1: Actively manage the performance of its air ambulance services to achieve desired service standards for the quality, timeliness and safety of patient care. It should:</p> <ul style="list-style-type: none"> ◆ Clearly define its goals and objectives for air ambulance services; ◆ Measure and monitor the timeliness of air ambulance transports and quality of care provided to patients; ◆ Build on current safety processes to develop a complete safety management program; ◆ Communicate performance results to BC Ambulance Service staff and air carrier contractors who are responsible for meeting the standards, and ensure performance expectations are understood; and ◆ Communicate results with stakeholders. 	<p>Partially implemented</p>
<p>Actions taken, results and/or actions planned</p> <ul style="list-style-type: none"> ◆ A formal, multi-stakeholder Critical Care Quality Committee has been created to review patient safety and quality issues, establish policy and service standards and provide oversight of paramedic practice. ◆ Critical Care Programs has created a management role responsible for quality, patient safety and service improvement in September 2013. This position is responsible for overseeing the development of the Critical Care quality framework, quality measures, establish service standards, leading patient safety reviews, analyzing service allocation and utilization and leading improvements to patient care and service responsiveness. ◆ BCEHS is developing a proactive and thorough performance management framework for the Critical Care program and air ambulance services. Our focus will be on designing both lead and lag measures for clinical (patient) and operations. This includes industry best practice and metrics to determine the timeliness, efficiency and effectiveness of air ambulance services. BCEHS has adopted a series of clinical (patient) care measures that can be compared with other air ambulance providers in the US and Canada. This is an area of ongoing improvement as we define appropriate measures and ensure existing data systems can provide accurate and timely information. ◆ Critical Care Programs has developed a draft strategic plan for 2014-17 that articulates four strategic objectives and core actions related to providing timely, quality, safe and sustainable air and ground ambulance services. This plan is integrated with the current plans of the BC Ambulance Service and BCEHS. There will be a wide consultation on the strategic plan with anticipated implementation effective April 1, 2014. ◆ Critical Care Programs, in partnership with the BCEHS Patient Care Quality Office (PCQO), BC Patient Transfer Network (BCPTN) and Patient Transport Coordinaton Centre (PTCC), is actively leading a number of specific quality reviews related to possible patient care impacts of system, decision making or operational issues. This includes recommendations for improving the call management, dispatch and paramedic care provided to patients. ◆ A comprehensive ongoing air carrier audit program was established by the BC Ambulance Aviation Services in the summer of 2013 to review the operational, safety and maintenance performance of all BCAS air ambulance air carriers. Dedicated carriers will be audited in fiscal 2012-13 and itinerant carriers will be audited starting in fiscal 2014-15. Audit findings and recommendations are implemented immediately by the air carriers and reported to all levels of the organization. 	

All information has been provided by the organization and has not been audited.

Outstanding Recommendations (Continued)

Recommendation 2: Periodically review whether the distribution of staff and aircraft across the province is optimal for responding to demand for air ambulance services.

Partially implemented

Actions taken, results and/or actions planned

- ◆ Work continues to develop a stronger understanding of both existing and future air ambulance demand including patient volume and acuity by Health Authority. We are proactively engaging with the Health Authorities to ensure coordination of service planning to meet patient and community needs. This information will be used to help inform the next round of air ambulance contracts including location, deployment and crew complement.
- ◆ A data analysis template, utilizing Geographic Information Systems (GIS) mapping technology, has been developed for Critical Care Programs to assess the utilization of air ambulances with the goal of developing appropriate mission profiles and service standards for the air ambulance fleet and improve resource allocation and deployment decisions.
- ◆ Initial discussions have occurred with potential academic partners to undertake a “blank slate” review of the air ambulance system. A prerequisite to this work is ensuring that the decision making and resource deployment systems used by the BCPTN and PTCC are robust and reliable.
- ◆ Work is underway with the Health Authorities to evaluate the utilization of air ambulance resources for both trauma responses and high-acuity inter-facility patient transfers, understand the impact of health system resource and referral pattern changes on the air ambulance system and engage in planning for future growth.

Recommendation 3: Regularly identify and review a sample of air ambulance dispatch decisions to ensure resources are allocated with due consideration for patient needs and available resources.

Partially implemented

Actions taken, results and/or actions planned

- ◆ Critical Care Programs, BCPTN and the PTCC are undertaking a review of air ambulance deployment including improvement to decision making tools and implementation of LEAN design techniques to reduce air ambulance dispatch times.
- ◆ Critical Care Programs, BCPTN and PTCC regularly review selected air ambulance dispatches from a continuous quality improvement perspective in order to make ongoing adjustments to the call processing, patient triaging, communication and information sharing processes as well as policy and procedural changes.
- ◆ BCEHS staff and paramedics are encouraged to report any concerns related patient care and safety to the PCQO utilizing the online Patient Safety & Learning System (PSLS). Several quality reviews have been conducted in the past year on air ambulance calls where staff or stakeholders believed that patient care may have been compromised. The outcomes of these reviews include recommendations and actions for system improvement, policy change, training, paramedic practice and regulatory changes.
- ◆ An ad hoc operational quality review process has been established with the BCPTN, PTCC and Critical Care Transport to review selected air ambulance dispatches where cross-functional and multi-jurisdictional system, process, decision making or communication issues have resulted in a delay or resource allocation issues.

All information has been provided by the organization and has not been audited.



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