



Office of the  
**Auditor General**  
of British Columbia

June 2024

# Interim Report on the Examination of MNP's Administration of the Advanced Research and Commercialization Grant Program





Office of the  
**Auditor General**  
of British Columbia

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The Honourable Raj Chouhan  
Speaker of the Legislative Assembly  
Province of British Columbia  
Parliament Buildings  
Victoria, British Columbia  
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Dear Mr. Speaker:

I have the honour to transmit to the Speaker of the Legislative Assembly of British Columbia the *Interim Report on the Examination of MNP's Administration of the Advanced Research and Commercialization Grant Program*.

On April 8, 2024, the Legislative Assembly passed a resolution:

"...that, pursuant to section 13 (2) of the *Auditor General Act* (S.B.C. 2003, c. 2), the House request that the Auditor General undertake an examination of the administration of grants by MNP LLP under the Advanced Research and Commercialization Program and the Commercial Vehicle Innovation Challenge.

"And further that the Auditor General make public an interim report on the matter no later than 90 days hence, and make a final report public no later than September 1, 2024."

This report satisfies the interim report component of the resolution by providing an update on our office's examination of MNP LLP's administration of the Advanced Research and Commercialization program.

This interim report does not contain any findings, as our work remains in progress.

Michael A. Pickup, FCPA, FCA  
Auditor General of British Columbia  
Victoria, B.C.

**Report date: June 24, 2024**

## Background

On April 8, 2024, the Legislative Assembly directed, by resolution, the auditor general to “undertake an examination of the administration of grants by MNP LLP under the Advanced Research and Commercialization Program and the Commercial Vehicle Innovation Challenge.” The resolution followed questions about whether MNP had conflicts of interest in its administration of the Advanced Research and Commercialization (ARC) program, which includes the Commercial Vehicle Innovation Challenge (CVIC).

The resolution directed the auditor general to make public an interim report within 90 days and a final report by Sept. 1, 2024.

Our interim report includes information on:

- our examination approach;
- CleanBC Go Electric initiatives, including the ARC program;
- roles and responsibilities of MNP and the Ministry of Energy, Mines and Low Carbon Innovation in the administration of the ARC program;
- work completed up to June 24, 2024, and next steps.

This report does not contain any findings, as our work remains in progress as of June 24, 2024.

## Examination approach

### What we are looking at

Our final report will provide information and findings on MNP's administration of the ARC program (which includes CVIC) by focusing on potential, and alleged, conflicts of interest that led to the resolution. We will examine these through the following three questions:

1. Did MNP provide applicant advising services (e.g., grant writing) for ARC or CVIC applications?
2. Did MNP influence the ARC or CVIC evaluation process to promote its clients?
3. Did MNP use ARC or CVIC information to solicit clients for MNP's business services, such as applicant advising, assurance, or accounting?

We will also provide information and findings on the Ministry of Energy, Mines and Low Carbon Innovation's role in managing conflicts of interest through the following question:

4. Did the Ministry of Energy, Mines and Low Carbon Innovation identify and manage conflicts of interest in MNP's administration of the ARC program?

## Defining conflict of interest

Our examination draws from two definitions of conflict of interest.

The contract between the Ministry of Energy, Mines and Low Carbon Innovation and MNP to administer the ARC program includes a conflict of interest clause:

"The Recipient [MNP] will not, during the Term, perform a service for or provide advice to any person, or entity where the performance of such service or the provision of the advice may, in the reasonable opinion of the Province, give rise to a conflict of interest between the obligations of the Recipient to the Province under this Agreement and the obligations of the Recipient to such other person or entity."

MNP, as a registered member of the Chartered Professional Accountants of British Columbia (CPABC), must adhere to the CPABC code of professional conduct. The code defines conflict of interest as:

"...an interest, restriction or relationship that, in respect of the provision of any professional service, would be seen by a reasonable observer to influence a registrant's judgment or objectivity in the provision of the professional service."<sup>1</sup>

The CPABC code also sets expectations for managing conflicts of interest.

## Independence

We confirm that we are independent in our examination of MNP. We assessed our office's – and our individual team members' – independence with respect to any business or other relationships with MNP.

We are applying the Canadian Standard on Quality Management (CSQM) 1, set by the independent Auditing and Assurance Standards Board. CSQM 1 requires that we design, implement, and operate a system of quality management to ensure we comply with our professional ethical responsibilities, including those related to independence.

Our office's quality management system includes policies and procedures to (1) identify any real or perceived threats to our independence, and (2) establish safeguards to reduce any such threats to an acceptable level.

The *Auditor General Act* and our system of quality management help ensure we are non-partisan, objective and fair.

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<sup>1</sup> Chartered Professional Accountants of British Columbia, *CPABC Code of Professional Conduct* (August 2023) (p. 10)

## CleanBC Go Electric initiatives

In 2018, the B.C. government released CleanBC, a government-wide strategy to reduce greenhouse gas (GHG) emissions and meet the province's legislated GHG reduction targets. Several ministries are responsible for implementing CleanBC initiatives.

Transportation is the largest single source of emissions in B.C., accounting for 40 per cent of annual GHG emissions. The Ministry of Energy, Mines and Low Carbon Innovation launched CleanBC's Go Electric initiatives to help the province achieve its target of reducing transportation emissions by about one-third by 2030. Go Electric includes grants and rebates to:

- reduce the price of zero-emission vehicles (ZEV);
- make it easier to charge or fuel ZEVs; and
- provide support for ZEV sector research, job training and economic development.

## Advanced Research and Commercialization grant program

In 2018, the ministry introduced the Advanced Research and Commercialization (ARC) program, a Go Electric initiative, to support research and economic development in B.C.'s ZEV sector. As of March 25, 2024, the B.C. government had committed \$50 million for the ARC program.

The ARC program provides funding to companies registered in B.C. for projects based in the province that:

- address specific ZEV sector challenges;
- showcase technologies that have a strong potential for international demand;
- support pre-commercial ZEV technologies; or
- demonstrate commercial success for ZEV technologies.

There have been four calls for grant applications (i.e., funding calls): ARC 2018, ARC 2020, ARC 2023 and CVIC 2023. All funding calls were intended to fund projects in B.C.'s ZEV sector, with variations in the degree of project readiness. Under ARC funding calls, projects could be in the pre-commercialization stage, meaning they weren't quite ready for the market, while the CVIC funding call focused on commercialization and required the projects to be closer to market readiness.

As of March 2024, the program had approved 32 of 98 applications from ARC 2018, ARC 2020 and CVIC 2023, with grants totalling just over \$29 million. Another 20 of 53 applications for ARC 2023 are still pending decision.

# Roles and responsibilities for the administration of the ARC program

On March 1, 2018, the Ministry of Energy, Mines and Low Carbon Innovation entered a contract with MNP to administer the ARC program. The ministry and MNP have renewed the contract five times since 2018, with the current agreement running until March 31, 2028, or until all program funds have been allocated.

MNP is a professional services firm that offers a variety of services including assurance, accounting, consulting, and taxation services.

As per the contract, the ministry provides program oversight and direction. MNP performs day-to-day administration (e.g., funding calls, marketing and outreach, and program administration). MNP receives a fee for services, as outlined in the contract.

**Table:** Ministry and MNP responsibilities as per the contract

Ministry responsibilities	MNP responsibilities
<ul style="list-style-type: none"> <li>• Providing direction for the ARC program.</li> <li>• Holding MNP accountable for ARC program deliverables (i.e., funding calls, marketing and outreach, program administration).</li> <li>• Reviewing and approving ARC program deliverables and materials produced by MNP.</li> <li>• Providing MNP with ARC program funds.</li> <li>• Confirming which projects to fund.</li> </ul>	<ul style="list-style-type: none"> <li>• Administering funding calls, with approval by the ministry, which includes:                             <ul style="list-style-type: none"> <li>• Developing objectives, expectations, standards and criteria, and drafting funding calls with support from the ministry.</li> <li>• Distributing funding calls.</li> <li>• Responding to applicant questions and receiving applications.</li> <li>• Establishing an advisory committee to review and evaluate applications and recommend projects for funding.</li> <li>• Establishing and executing funding agreements for approved projects.</li> <li>• Monitoring project progress.</li> </ul> </li> <li>• Marketing and outreach through web-based information sharing, direct marketing to potential applicants identified by MNP, and broader outreach activities.</li> <li>• Program administration including website maintenance, accounting, and ARC program reporting.</li> </ul>

## Advisory committee

As per the contract, and with ministry approval, MNP must establish an advisory committee to evaluate applications and recommend these for approval or rejection. The contract states that, as a starting point, MNP should consider a representative from: the ministry, municipal government, the public, and the clean energy sector.

MNP supports the advisory committee by providing the applications for review and an evaluation tool. MNP cannot be a member of the advisory committee.

## Work completed and next steps

To date, we have gathered and analyzed information from the following sources:

- the office of the Minister of Energy, Mines and Low Carbon Innovation;
- the Ministry of Energy, Mines and Low Carbon Innovation;
- Members of the Legislative Assembly from the three opposition parties;
- applicants to the ARC and CVIC funding calls; and
- MNP leadership, grant administration and grant advisory staff.

Our final report will provide information and findings related to our examination questions (below), as well as any other information we believe should be reported to the Legislative Assembly:

- Did MNP provide applicant advising services (e.g., grant writing) for ARC or CVIC applications?
- Did MNP influence the ARC or CVIC evaluation process to promote its clients?
- Did MNP use ARC or CVIC information to solicit clients for MNP's business services, such as applicant advising, assurance, or accounting?
- Did the Ministry of Energy, Mines and Low Carbon Innovation identify and manage conflicts of interest in MNP's administration of the ARC program?

We will release our final report by Sept. 1, 2024.



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