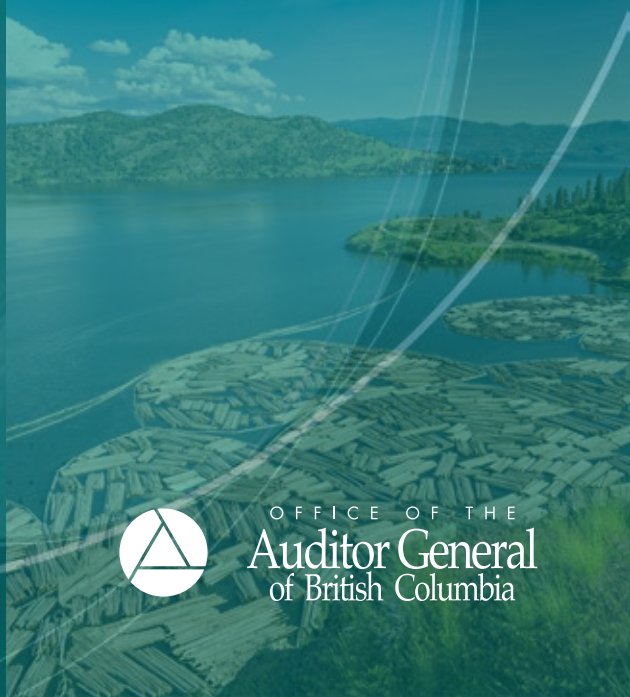




PERFORMANCE AUDIT COVERAGE PLAN

2019/20 - 2021/22

www.bcauditor.com



OFFICE OF THE
Auditor General
of British Columbia

CONTENTS

Auditor General's message	3
Background	6
What we do	6
How we select audit topics	6
How we will use this plan	8
What happens next	8
Current audits	10
Future audits	12
Audits removed	15
Summary of coverage by sector	16
Appendix: CCR audits	19

623 Fort Street
Victoria, British Columbia
Canada V8W 1G1
P: 250.419.6100
F: 250.387.1230
www.bcauditor.com

The Office of the Auditor General of British Columbia would like to acknowledge with respect that we conduct our work on Coast Salish territories. Primarily, this is on the Lkwungen-speaking people's (Esquimalt and Songhees) traditional lands, now known as Victoria, and the WSÁNEĆ people's (Pauquachin, Tsartlip, Tsawout, Tseycum) traditional lands, now known as Saanich.

AUDITOR GENERAL'S MESSAGE

EACH YEAR, WE PRODUCE two coverage plans—one for our performance audit work and the other for our financial audit work. This plan—the Performance Audit Coverage Plan—lists the 17 performance audits we are currently working on, and the 50 audits we intend on starting between now and March 31, 2022.

The second coverage plan—the Financial Statement Audit Coverage Plan—details which government entities' financial statements we will audit directly and those that will be audited by private-sector firms. Together, these two coverage plans provide a roadmap of the work that we anticipate undertaking over the next three years.

Government is big and we have to make choices. The performance audits that we select are the result of extensive planning and consultation with stakeholders where we consider the significance, risk, relevance, timing and impact of our work on both the organizations we audit and taxpayers. We aim to make the best use of our resources by choosing audits with the greatest value to the legislative assembly and the people of B.C.

Emerging themes this year include mental health and addictions, capital planning, and programs that impact Indigenous people. We always try to ensure that our work is relevant and that it reflects the realities of the people of B.C. To do this, we build our understanding of issues in a number of ways, including research and stakeholder engagement.

In the last year, we created an internal Indigenous Relations Strategy to build cultural awareness and agility as an office, and to enhance respectful engagement with Indigenous organizations, communities and individuals. We look forward to continuing this work and in particular, working with more Indigenous people to identify where our audits will make a difference.



CAROL BELLRINGER, FCPA, FCA
Auditor General

AUDITOR GENERAL'S MESSAGE

The list of audits in this plan is not definitive. It may shift if new priorities emerge, or as the environment in which we operate changes. Of note, while we were finalizing this plan, allegations surfaced about administrative processes in the legislative assembly. We have commenced an audit in this area in light of the issues brought to our attention and concerns that my office previously raised in 2007, 2012 and 2013.

One change in this year's plan is our use of watching briefs. This was a section in last year's plan that had seven audits on hold (for a variety of reasons). Now that we know where each of these audits is headed, we no longer need this section. We removed three of the watching briefs (Massey Tunnel, Transportation Investment Corporation, and forest revenue phase 2) and added the other four (BC Services Card, clinical systems transformation, domestic violence, and ICBC capital reserves) to this year's coverage plan.

We have also changed the timeline of our plan to align with the Financial Statement Audit Coverage Plan. Both plans now include the current year's work plus three years of future work. This allows us to be more forward looking.

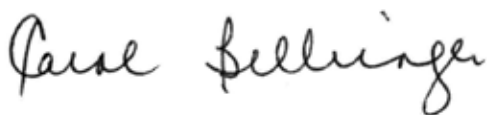
Finally, this plan highlights some of the work undertaken by our compliance, controls and research (CCR) team, which delivers narrow-scoped performance audits that focus on significant issues related to legislative compliance and financial management controls. CCR work is intended to respond to time-sensitive issues and be smaller in size. The audits use the same audit process and methodology as our larger performance audits but given their narrow scope, allow us to be more flexible and responsive in our work. The list of CCR audits currently underway is available in the appendix.

Both of our coverage plans are shared with the Select Standing Committee on Public Accounts and other interested parties. This is part of our commitment to foster greater transparency and stakeholder engagement. Sharing our intentions also encourages organizations to be more proactive before the audit begins. We have seen organizations

AUDITOR GENERAL'S MESSAGE

reflect on ways to improve their programs, or get involved with us sooner, which we look forward to building on in the future.

My term as Auditor General ends in September, 2022. This plan takes us to my final year. Next year's plan will be an update of the work we will start before I leave, but the next Auditor General needs to choose any subsequent audits. As a result, it will not be updated to reflect work that will start after September, 2022.



Carol Bellringer, FCPA, FCA
Auditor General
Victoria, B.C.
January 2019

BACKGROUND

WHAT WE DO

THE OFFICE OF THE AUDITOR GENERAL OF BRITISH COLUMBIA is a non-partisan, independent office that reports directly to the legislative assembly. We conduct financial and performance audits that provide assurance and advice on the overall operation of the B.C. government.

Financial audits provide independent opinions on whether government's financial statements are complete, are presented fairly, and comply with Canadian generally accepted accounting principles.

Performance audits assess the efficiency, economy and effectiveness of provincial programs, services and resources. They are often referred to as value-for-money audits because they can determine whether the province received value for the money it spent.

Our performance audits vary in size and complexity and cover a range of subjects. For example, some audits examine broad issues, such as climate change, while others focus on a particular system or program, such as community gaming grants. Some other examples of our performance audits include:

- ♦ audits that examine issues related to controls and compliance (led by our compliance, controls and research team)
- ♦ progress audits that follow up on an organization's progress in implementing recommendations from our audit reports

Regardless of size or scope, all of our performance audits follow generally accepted auditing standards.

It is important to note that we may conduct projects that are not audits in circumstances where we determine that the information is important to provide to the legislative assembly. Our report on the [BC Utilities Commission](#) is a good example of this, where we started planning an audit, but found that government task force reviews had identified many of the same risks that we had. Rather than duplicate that work by conducting a full audit, we chose to issue an information report that highlighted key aspects of the task forces' work that still warrant government's consideration.

HOW WE SELECT AUDIT TOPICS

Our audit universe is vast. There are nearly 150 government entities such as ministries, Crown corporations, universities, colleges, school districts and health authorities, which are controlled by, or are accountable to, the provincial government. We cannot audit all of these entities, so we plan our work in a manner that ensures our resources are focussed on the areas that are most significant and relevant to our stakeholders.

BACKGROUND

Our *Financial Statement Audit Coverage Plan* details the government organizations that we will directly audit as part of our annual audit of government's Summary Financial Statements. Section 10 of the *Auditor General Act* requires our office to produce this plan and have it approved by the Select Standing Committee on Public Accounts (also known as PAC).

Our *Performance Audit Coverage Plan* outlines the performance audits that are ongoing as well as those that we plan to start over a three-year period. This body of work helps us meet our objective to provide valuable assurance and advice, which we measure in part, through our key performance indicator of 12 reports per year. Information on all of our key performance indicators can be found in our [Service Plan](#).

This year, we shifted the timing of the *Performance Audit Coverage Plan* to align with the *Financial Statement Audit Coverage Plan*. Our previous plans listed audits underway in the current fiscal year, as well as those we planned to start over the following two. Our plan still covers three years, but it is now more forward-looking and highlights the work we plan to do over the **next** three fiscal years.

We use a comprehensive and systematic approach to select performance audit topics that best meet our mandate and allow us to have the greatest impact.

Potential performance audit topics come from:

- ◆ past and ongoing audits, including the work our financial audit, and compliance, controls and research (CCR) staff undertake

- ◆ discussions with stakeholders, including the public service, members of government and the opposition and Indigenous people
- ◆ information and requests from members of the legislative assembly, the public and other stakeholders
- ◆ the work of other audit offices

We filter information from the above sources through a rigorous and objective process that considers:

- ◆ significance (financial magnitude, impacts to the public, and the public's and legislator's interest)
- ◆ risk (likelihood or impact of an organization's failure to achieve its objectives)
- ◆ relevance (likelihood of influencing positive change)
- ◆ timing
- ◆ relationship to our past, current and future work
- ◆ degree of change in sectors and programs

The auditor general decides which audits to undertake—a safeguard that allows us to maintain our independence. The only exception to this is where we are requested by the legislative assembly or one of its committees (a requirement of our act) to undertake specific work.

BACKGROUND

HOW WE WILL USE THIS PLAN

This coverage plan guides the use of our staff's time over the coming three years and provides a starting point for developing individual audit plans. Staff will develop the scope of work through audit planning as they meet with the people responsible for these areas to gain a better understanding of the topic.

This plan may change. Our experience to date shows us that the political, social and economic environment we operate in is constantly evolving, and our plan needs to evolve with it to remain relevant. Our approach to watching briefs is a good example of our need to adapt. This was a category that we developed last year to capture areas that we felt were in flux (some areas were the subject of review, others were further behind schedule), making the timing or likelihood of an audit unclear. Instead of proceeding with an audit, we chose to monitor these areas to determine how best to proceed. Based on our monitoring as well as further developments this past year, we decided to add four of the audits to our plan and remove the other three. And, in doing so, we have no remaining watching briefs.

As we have done in the past, we will continue to refresh our coverage plan. However, moving forward, our plan will only include work that we intend to start before September, 2022 as this represents the end of the current Auditor General's term. Any work beyond that will be determined by the next Auditor General.

WHAT HAPPENS NEXT

Audit planning is the first phase of the audit process. It involves working with each organization to fully understand the program area and its responsibilities. Organizations are asked to provide us with access to documents, staff and work sites so that our teams can form a decision on whether to proceed with an audit. If we decide to do an audit, teams will develop a plan that establishes the:

- ♦ objective and scope of work
- ♦ criteria or standards for assessing performance in relation to the audit objective
- ♦ approach they will use to obtain sufficient, appropriate evidence to form conclusions

After planning, we conduct the audit using the approach outlined in our plan. Our methodology meets professional audit standards and ensures that we safeguard our independence and objectivity. We work closely with organizations throughout the audit to keep them informed of our work, including regular discussions of our findings. We then table our report with the legislative assembly and publish it on our [website](#). We also present our report to PAC, which may call representatives from government that can speak to their program.

After the report is public, the audited organization submits an action plan to PAC that details how it will address the recommendations in our report. Approximately one year later, and annually thereafter, PAC requests a progress assessment that outlines the work the organization has done to implement our recommendations. In most cases, PAC continues to

BACKGROUND

request progress assessments until the organization has implemented our recommendations, or has otherwise addressed them.

In some cases, we may decide to carry out a progress audit to confirm that organizations have implemented our recommendations. We publish the results of our follow-up work using the same approach described above, reporting to PAC, the legislative assembly and the public.

CURRENT AUDITS

THE FOLLOWING LIST shows audits that are in progress. With the exception of our two progress audits, we identified all of these audits in last year’s coverage plan (though in some instances, the name has changed after determining the scope of work).

The status of each audit differs, with some close to being reported and others just getting started (in the planning phase of work). Audits that are still in planning do not yet have a description, as it is only at the end of this phase that we determine our scope of work.

You can check our website for updates on [audits that are in progress](#). If the audit is not on our website, it means it is still in planning.

	Audit name	Description of what the audit will cover
1	Avalanche Program	This audit is in planning—the scope will be determined at the end of this phase.
2	B.C. Sheriff Services (previously Justice Reform)	Whether the B.C. Sheriff Services has implemented effective plans and strategies to recruit, train, develop and retain the staff it needs to provide for the safety and security of the courts of B.C. and the participants in the judicial system.
3	Emergency Health Services	Whether B.C. Emergency Health Services has effectively managed access to ambulance and emergency health services across the province.
4	Forest Revenue	Whether the Ministry of Forests, Lands, Natural Resource Operations and Rural Development established necessary controls around timber harvest volume information to mitigate significant risk of revenue loss.
5	Industrial Control Systems Cybersecurity Audit at BC Hydro	Whether BC Hydro is effectively managing cybersecurity risks by detecting, and responding to, security incidents impacting its electric power infrastructure.
6	Information Technology Asset Management: Cybersecurity Controls	Whether select B.C. ministries have effectively managed information technology assets in accordance with good cybersecurity practices.

CURRENT AUDITS

	Audit name	Description of what the audit will cover
7	Internal Audit Function	This audit is in planning—the scope will be determined at the end of this phase.
8	International Education	This audit is in planning—the scope will be determined at the end of this phase.
9	Management of Resource Roads	This audit is in planning—the scope will be determined at the end of this phase.
10	Managing the Environmental Risks of Non-Operating Oil and Gas Sites (previously <i>Environmental Impacts of Upstream Oil and Natural Gas Development</i>)	Whether the B.C. Oil and Gas Commission has effectively managed the environmental and financial risks of non-operating oil and gas sites.
11	Oversight of Contracted Residential Services for Children and Youth	Whether the Ministry of Children and Family Development is providing effective oversight of contracted residential services for children and youth in care.
12	Palliative Care at Interior Health (previously <i>End-of-Life Care</i>)	Whether Interior Health is providing a comprehensive continuum of palliative care that is suited to its region.
13	Progress Audit of <i>An Audit of the Adult Custody Division's Correctional Facilities and Programs</i> . (2015)	Whether the Adult Custody Division has implemented recommendations from <i>An Audit of the Adult Custody Division's Correctional Facilities and Programs</i> .
14	Progress Audit of <i>An Audit of the Education of Aboriginal Students in the B.C. Public School System</i> (2015)	Whether the Ministry of Education has implemented recommendations from <i>An Audit of the Education of Aboriginal Students in the B.C. Public School System</i> .
15	Protection of Drinking Water	Whether the Ministry of Health and the Provincial Health Officer are ensuring adequate action is being taken to protect drinking water for all people in British Columbia.
16	Rate-Regulated Accounting at BC Hydro	To explain rate-regulated accounting and BC Hydro's use of regulatory accounts.
17	Wetlands Management	This audit is in planning—the scope will be determined at the end of this phase.

A list of current compliance, controls and research (CCR) audits can be found in the [Appendix](#).

FUTURE AUDITS

OUR LIST OF FUTURE AUDITS continues to grow, with the addition of 16 new topics. These combine with our existing list to form a total of 50 audits that we expect to start between now and March 31, 2022. This start period is our best estimate and could change as we move through the planning cycle. For example, we may have to delay work on certain audits if we find that other audits are taking longer to complete or if we identify higher priorities elsewhere. This flexibility allows us to be responsive to emerging issues.

Our future audits cover a wide range of topics, although there are notable themes that have emerged this year. Emerging themes include mental health and addictions, capital planning and impacts on Indigenous people—with audits that target different aspects of the same topic.

We will determine the scope and timeline of each audit as we complete audit planning. Audits that start in late 2021 or early 2022 will be completed after March 31, 2022.

	Audit name
1	Abbotsford Hospital Public-Private-Partnership
2	Aboriginal Housing
3	Access to Timely Cancer Care
4	BC Ferries
5	BC Services Card (<i>previously a watching brief</i>)
6	BC Rural Dividend Program NEW
7	Business Continuity Planning NEW
8	Capital Asset Condition in Transportation NEW
9	Clinical Systems Transformation (<i>previously a watching brief</i>)
10	Community Living BC
11	Critical Systems Recovery NEW

FUTURE AUDITS

Audit name	
12	Curriculum and Assessment in the K – 12 System NEW
13	Domestic Violence (<i>previously a watching brief</i>)
14	Driving Safety
15	Effectiveness of Oversight of Alternative Service Delivery Arrangements
16	Employee Performance and Development Programs in the K – 12 system
17	Employment Programs
18	First Nations' Accommodation Agreements
19	Health Sector Capital Planning NEW
20	Hospital Medical Device Security
21	ICBC Capital Reserves (<i>previously a watching brief</i>)
22	Independent Power Projects Contract Management
23	Indigenous Health NEW
24	Information Technology Procurement
25	Invasive Species NEW
26	Legal Aid NEW
27	Liquor Distribution Branch
28	Marine Spill Response NEW
29	Mental Health in Corrections NEW
30	Mental Health Wait Times NEW
31	Natural Resource Permitting Project

FUTURE AUDITS

Audit name	
32	Patient Transfer Network
33	Pension Plan Governance and Oversight
34	Pharmaceuticals
35	Policy Capacity: Effectiveness of Public Policy Development
36	Post-secondary Indigenous Education NEW
37	Post-secondary Quality Assurance
38	Post-secondary Student Mental Health
39	Primary Care Transformation
40	Provincial Nominee Program
41	Public Guardian and Trustee IT System: Securing Trust Assets
42	Public Sector Governance
43	RCMP Contract
44	Response to the Opioid Crisis NEW
45	Site C Dam
46	Special Education NEW
47	Strategic Investments in Innovation and Technology NEW
48	Stroke Care
49	Succession Management
50	Youth Corrections Case Management

AUDITS REMOVED

THIS YEAR WE have removed five audits from our list. Three of these were watching briefs from last year's plan where, after further consideration, we determined that our resources would be better used in areas with higher risks.

In the case of the other two, we identified an opportunity to address their intended scope of work

through an existing audit, allowing us to cut down on duplication and better focus our limited resources.

	Audit name	Rationale
1	Forest Revenue (Phase 2) <i>(previously a watching brief)</i>	In November 2017, the U.S. issued its final determination on Canadian softwood lumber duties. In response, Canada filed appeals with the World Trade Organization and the North American Free Trade Agreement, seeking review from an independent panel. The timing and nature of these reviews is unclear, making an audit in this area challenging. We will continue to monitor this area through our routine planning in the natural resources sector.
2	George Massey Tunnel Replacement <i>(previously a watching brief)</i>	This audit was intended to examine whether the George Massey Tunnel Replacement Project (GMTRP) was informed by a proper analysis of its costs, benefits and risks. In September 2017, the Ministry of Transportation and Infrastructure ordered a review of the GMTRP that examined technical aspects of the bridge as well as the assumptions made in the original decision; the report was released in December 2018. As the government has announced that it will be engaging with regional municipalities and First Nations to identify new criteria and goals for a Massey Crossing, we have removed this topic from our plan and will monitor advancements on the Crossing as new information becomes available.
3	Strategic Outsourced Information Technology Hosting Services	Alternative service delivery arrangements, like strategic outsourced IT hosting systems and the strategic telecommunications deal, will be explored through an existing audit on the <i>Effectiveness of Oversight of Alternative Service Delivery Arrangements</i> . This will allow us to remain flexible in our approach and focus on areas that represent the highest risk.
4	Strategic Telecommunications Services Deal	
5	Transportation Investment Corporation and Procurement of the Port Mann Bridge <i>(previously a watching brief)</i>	The Transportation Investment Corporation's roles and responsibilities have changed considerably since government eliminated tolling on the Port Mann Bridge in September 2017. This, along with an independent review that examined procurement on the Port Mann Bridge, makes an audit in this area less critical.

SUMMARY OF COVERAGE BY SECTOR

THE FOLLOWING TABLES illustrate our coverage by sector over the coming three years. Although audits are grouped by sector, many cross over multiple areas, especially those in general government and information technology (IT). Also, these placements may change over time as we enhance our understanding of the area and the direction of each audit.

Education		
Curriculum and Assessment in the K – 12 System NEW	Employee Performance and Development Programs in the K – 12 system	International Education
Post-secondary Indigenous Education NEW	Post-secondary Quality Assurance	Post-secondary Student Mental Health
Progress Audit of <i>An Audit of the Education of Aboriginal Students in the B.C. Public School System</i> (2015)	Special Education NEW	

Social Services		
Aboriginal Housing	Community Living BC	Domestic Violence <i>(previously a watching brief)</i>
Employment Programs	Oversight of Contracted Residential Services for Children and Youth	Youth Corrections Case Management

SUMMARY OF COVERAGE BY SECTOR

Health		
Abbotsford Hospital Public-Private-Partnership	Access to Timely Cancer Care	Clinical Systems Transformation <i>(previously a watching brief)</i>
Emergency Health Services	Health Sector Capital Planning NEW	Indigenous Health NEW
Mental Health Wait Times NEW	Palliative Care at Interior Health <i>(previously End-of-Life Care)</i>	Patient Transfer Network
Pharmaceuticals	Primary Care Transformation	Protection of Drinking Water
Response to the Opioid Crisis NEW	Stroke Care	
Natural Resources		
Forest Revenue	Independent Power Projects Contract Management	Invasive Species NEW
Management of Resource Roads	Managing the Environmental Risks of Non-Operating Oil and Gas Sites <i>(previously Environmental Impacts of Upstream Oil and Natural Gas Development)</i>	Marine Spill Response NEW
Natural Resource Permitting Project	Site C Dam	Wetlands Management
Transportation		
Avalanche Program	BC Ferries	Capital Asset Condition in Transportation NEW

SUMMARY OF COVERAGE BY SECTOR

Protection		
B.C. Sheriff Services (previously Justice Reform)	Driving Safety	ICBC Capital Reserves (previously a watching brief)
Legal Aid NEW	Liquor Distribution Branch	Mental Health in Corrections NEW
Progress Audit of An Audit of Correctional Facilities and Programs (2015)	RCMP Contract	

Economic Development		
BC Rural Dividend Program NEW	First Nations' Accommodation Agreements	Provincial Nominee Program
Strategic Investments in Innovation and Technology NEW		

Information Technology (IT)		
BC Services Card (previously a watching brief)	Critical Systems Recovery NEW	Hospital Medical Device Security
Industrial Control Systems Cybersecurity Audit at BC Hydro	Information Technology Asset Management: Cybersecurity Controls	Public Guardian and Trustee IT System: Securing Trust Assets

General Government		
Business Continuity Planning NEW	Effectiveness of Oversight of Alternative Service Delivery Arrangements	Information Technology Procurement
Internal Audit Function	Pension Plan Governance and Oversight	Policy Capacity: Effectiveness of Public Policy Development
Public Sector Governance	Rate-Regulated Accounting at BC Hydro	Succession Management

APPENDIX: CCR AUDITS

THE COMPLIANCE, CONTROLS and research (CCR) team delivers narrow-scoped performance audits that focus on significant issues related to legislative compliance and financial management controls. The team collaborates with financial and performance audit staff to complete research, identify risks, select topics, and conduct audits that provide value to the people of British Columbia. CCR work is also intended to respond to time-sensitive issues and optimize the use of resources that are subject to varying degrees of utilization during the year.

CCR audits do not typically exceed 1,500 hours but they use the same audit process and methodology as performance audits. The following is a list of current

CCR audits. However, like performance audits, they are subject to change in response to resource availability and re-prioritization.

CCR audit		Description of what the audit will cover
1	Investigational Capacity	Whether the Ministry of Finance has implemented recommendations made in the KPMG 2016 report titled <i>Strategic Initiatives Review of the British Columbia Ministry of Finance Investigation and Forensic Unit</i> .
2	Liquor Distribution Branch – Contracts	Whether contracts directly awarded by the Liquor Distribution Branch were issued in compliance with procurement policies and procedures as set out in the Core Policy and Procedures Manual.
3	School District 36 (Surrey) – Executive Expenses	Whether School District 36 (Surrey) employer-paid expenses comply with applicable school district policies and are consistent with core government policy.
4	Post Secondary International Student Tuition	This audit is in planning—the scope will be determined at the end of this phase.



OFFICE OF THE
Auditor General
of British Columbia

Location

623 Fort Street
Victoria, British Columbia
Canada V8W 1G1

Office Hours

Monday to Friday
8:30 am – 4:30 pm

Telephone: 250-419-6100

Toll free through Enquiry BC at: 1-800-663-7867

In Vancouver dial: 604-660-2421

Fax: 250-387-1230

Email: bcauditor@bcauditor.com

Website: www.bcauditor.com

This report and others are available at our website, which also contains further information about the office.

Reproducing

Information presented here is the intellectual property of the Auditor General of British Columbia and is copyright protected in right of the Crown. We invite readers to reproduce any material, asking only that they credit our office with authorship when any information, results or recommendations are used.





OFFICE OF THE
Auditor General
of British Columbia