PERFORMANCE AUDIT COVERAGE PLAN

2015/16 - 2017/18

www.bcauditor.com

OFFICE OF THE
Auditor General
of British Columbia

CONTENTS

AUDITOR GENERAL'S MESSAGE

AUDITING IS ABOUT making a difference. We strive for a Legislative Assembly, Government and Public Service that work effectively for the people of British Columbia. Our goals that support this vision are to have:

- sound financial administration and reporting across government
- well-managed and effectively governed provincial programs, services and resources
- comprehensive public sector accountability reporting

We work to be recognized as a high-performing leader in providing independent assurance and advice, so that these goals can be realized.

Our Office has a statutory obligation to do certain financial statement audits, including the largest audit in the province: the Public Accounts. Plus, in accordance with the *Auditor General Act*, we have the authority to select performance audits.

When it comes to planning performance audits, we allocate our finite resources to the most significant and relevant topics where we can have the greatest impact. We aim to cover a variety of sectors, and we are also mindful that some sectors affect a larger proportion of the people of B.C., or represent a greater share of government resources. Often, our efforts are focused in those sectors to add maximum value.

There is no shortage of potential audits. With the assistance of staff from across the Office, this year we narrowed the list of prospective topics to more than 140. From there, we chose 47 topics that we will explore further to determine the scope of the work (if any) that is required over the next three years. I am pleased to share with you the list of 47 topics.

It is important to note that this list is not definitive. It may shift if new priorities emerge, or as the environment in which we operate changes. We aim to be flexible and responsive in our work, which can include
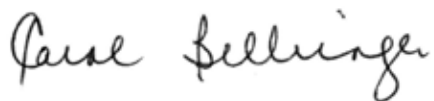
CAROL BELLRINGER, CPA, FCA
Auditor General

AUDITOR GENERAL'S MESSAGE

audits, reviews, examinations, guidance or advice.

Finally, in previous years, we publicized our upcoming report topics only as they neared completion. Sharing our project intentions annually is part of our commitment to greater transparency and stakeholder engagement. We are not obligated to publish this plan, but we want to open the conversation early with the Select Standing Committee on Public Accounts (PAC) and other stakeholders about our planned work. A discussion of areas that may need further attention will help us ensure that we select project topics of greatest relevance and value to the people of B.C.

Carol Bellringer, CPA, FCA
Auditor General
Victoria, B.C.

BACKGROUND

WHAT WE DO

- Our mission is to provide independent assurance and advice to the Legislative Assembly, Government and the Public Service for the well-being of the people of British Columbia.

- Our mandate and responsibilities: the Auditor General Act enables us to perform non-attest work, in particular under sections 11, 12, and 13.

PLANNING OUR PROJECTS

We plan our project work to ensure we allocate our finite resources to the most significant and relevant topics.

Financial Statement Audit Coverage Plan – details which government organizations our Office will audit directly over a three year period as part of our annual audit of government's summary financial statements. This plan is required under section 10 of our Act and must be approved by PAC.

Performance Audit Coverage Plan – outlines the performance audit and other related work that the Office plans to undertake over the three year period.

We undertake a variety of work in addition to what is included in these plans. This work includes reviews, examinations, guidance and advice and adds value for the Legislative Assembly, Government and the Public Service.

HOW DO WE SELECT PROJECT TOPICS?

Because there are more project topics than we can carry out, we use a comprehensive and systematic process to select the topics that best meet our mandate and will have the greatest impact. Potential topics come from:

- the work we have completed and are currently engaged in

- discussions with stakeholders including the Public Service, Government and the Opposition

- information and requests from MLAs, the people of B.C. and other stakeholders

- the work of other audit offices

- changes to government sectors and programs

We then filter information from the above sources through a rigorous and objective process where we consider:

- significance (financial magnitude, impacts to the people of B.C., public interest)

- risk (likelihood or impact of an entity's failure to achieve its objectives)

- relevance (likelihood of influencing positive change)

- timing

- relationships to our past, current and future work

Our topic identification and selection process gives us confidence that the topics we select will have the greatest impact. Throughout this process we maintain

BACKGROUND

our independence.

HOW WILL WE USE THIS PLAN?

The coverage plan guides the use of our project resources over the coming three-year period and provides a foundation for developing individual audit plans. We have selected topics, but we have not yet developed the precise scope and nature of the work. As we begin work on these topics, we recognize the knowledge and experience of the people responsible for these areas. We work with them accordingly to advance our understanding of the topic area, which helps us develop the audit plan. Any work undertaken will reflect the planning and scope development process. For example, a topic may be carried out as an audit report, guidance or simply advice to the responsible organization. Alternatively, we may choose to postpone or cancel a project if our initial planning indicates our resources would be better used elsewhere.

OUR PLAN CAN CHANGE

The political, social and economic environment we operate in is constantly changing; our coverage plan needs to change with it to remain relevant. We are in regular conversations with MLAs and the Public Service, and we are receptive to the people of B.C. This ensures our work remains relevant, and as such, we are continuously adjusting our plan.

We will present an updated coverage plan annually,

building on those topics planned for future years, and adding to those topics we have already reviewed that make up our current list of over 140 topics.

WHAT HAPPENS NEXT?

The coverage plan guides the use of our project resources over the coming period and provides a foundation for developing individual audit plans. Project planning begins by working closely with each organization to fully understand the program area and responsibilities. This knowledge is compiled into an audit plan which finalizes the objectives and scope of the project, establishes the criteria or standards for assessment of performance in relation to the project objectives, and designs an approach to obtain sufficient, appropriate evidence to support our conclusions.

After planning, the project will move through a robust process that is designed to meet professional audit standards, including safeguards to our independence and objectivity. We will work with the organization to complete the work that is required and then report our findings back to the organization. All our reports are then tabled with the Legislative Assembly and made publicly available. We also discuss our report and findings with PAC, which may call witnesses from government.

After the report is public, the organization submits an action plan to PAC detailing how the recommendations in our report will be addressed. One year after the action plan is provided to PAC, they request an updated action plan which includes the organization's assessment of its progress in implementing the recommendations. Action plans

BACKGROUND

will then be requested on a yearly basis until all recommendations have been implemented or otherwise addressed.

Our Office will review the action plans, and with input from PAC, determine what project reports and recommendations require additional follow up work. The additional work is to confirm that the actions taken by the organization address the recommendation and are accurately reported in the action plan. We will report on the results of this work in the spring and the fall of each year to the Legislative Assembly and the people of B.C.

CURRENT PROJECTS

The following list reflects the work which is currently underway at the time of this report, and which we identified some time ago, prior to this coverage plan process. The progress of any of these projects can be monitored on our website. All projects currently underway have undergone the same rigor and independent selection process as the list of 47 topics.

	Project name	Description of what the project will cover
1	Aboriginal Education	Whether the Ministry of Education has met its public commitment to close the gaps in educational outcomes between Aboriginal and non-Aboriginal students.
2	Allegations about the Pharmaceutical Services Division	Activities that were allegedly occurring within the Pharmaceutical Division of the Ministry of Health. These allegations raise questions about compliance with government policy requirements and good contracting practices, as well as related personnel decisions.
3	Ethics	The effectiveness of the framework that has been established for ethical conduct within the Public Service.
4	Implicit Expenditures (Phase 1)	This information piece will create awareness for legislators and the public about what programs are delivered in part through deductions or credits to revenues, and how they are used as tools for meeting policy objectives.
5	Information Technology General Controls (ITGC) Capability Self-Assessment	An assessment about the health of government's IT controls. The Office will selectively review and validate self-assessment forms from all government reporting entities.
6	K-12 Budgeting and Monitoring	The development of budgets and monitoring and control of expenditures in the school district sector.
7	Mental Health	If the Ministry of Health and the health authorities are adequately managing access to adult tertiary care services for individuals with serious mental illness and/or substance abuse issues.
8	Mining Sector Compliance and Enforcement	If the Ministry of Environment and the Ministry of Energy and Mines' compliance and enforcement activities of the mining sector are protecting the province from significant environmental risks.

CURRENT PROJECTS

	Project name	Description of what the project will cover
9	Ministry of Advanced Education Capital Procurement	The prioritization and planning processes, capital procurement activities and processes, and assessment of capital procurement results at the Ministry of Advanced Education and the educational institutions.
10	Mobile Device Management	Whether B.C. government ministries are managing the use of mobile devices in a manner that maintains the security of sensitive government data.
11	Oversight of IT Investments	Information regarding significant IT investments by government in British Columbia.
12	Panorama	Whether the Panorama application provides the IT solution the Ministry of Health expected for public health, and whether its build and implementation were completed on time and on budget.
13	PRIME BC	Whether security controls are adequate to safeguard information within the PRIME BC system, which holds large amounts of highly sensitive and confidential information critical to the delivery of policing services.
14	Special Accounts	Whether selected special accounts are complying with policy and legislation, are effectively governed, and are achieving their intended outcomes. A special account is "an account in the general fund of the consolidated revenue fund where the authorization to expend money from the account is located in an Act other than a Supply Act."
15	Workstation Contract with IBM	Whether the Ministry of Technology and Innovation and Citizen Services and Health Shared Services BC completed appropriate due diligence when expanding the IBM Workstation Support Services agreement to include the health authorities, and when extending the timeframe of the original agreement.

Every year we produce a report on the Summary Financial Statements which includes further detail on the audit opinion of the government's Public Accounts, as well as further recommendations on financial reporting and an overview of management letters.

2015/16 PROJECT TOPICS

In addition to the current projects, the following projects are expected to commence in the 2015/16 fiscal year. However, to remain responsive and relevant to emerging issues, some of these projects may be postponed if we identify higher priority topics. In addition, these projects are based on an estimate of the Office's capacity, as well as variation in size and scope of the work required. This means possible changes in the start date on some of these topics.

As we have not yet completely identified the project scope, the date of completion for each project is also unknown. The progress of all projects can be monitored through our website.

	Project name	Description of what the project will cover
1	BC Housing	Whether government is planning for and providing adequate and sustainable social housing.
2	BC Services Card	Whether the BC Services Card system has adequate controls in place to protect the system. The BC Services Card will be the provincial identity system for B.C. residents and combines drivers licences and health services, and will eventually replace the MSP CareCard.
3	BC Utilities Commission	Whether the Commission is exercising effective oversight over those organizations within its purview.
4	Budget Assurance 2016	The processes used in preparing the economic assumptions and expenditure forecasts in the Budget and Fiscal Plan 2015/16 – 2017/18, and related presentations and disclosures.
5	Executive Expenses	Whether executive non-salary compensation, benefits and expenses comply with employer and government policies, and are consistent with the spirit and intent of government's policy framework and the Taxpayer Accountability Principles.
6	Family Maintenance and Enforcement Program	Whether the Ministry of Justice is exercising effective oversight over the external delivery contract for the operation of the Family Maintenance and Enforcement Program.

2015/16 PROJECT TOPICS

	Project name	Description of what the project will cover
7	Forestry Revenue	The financial management and controls of timber sales revenue and related functions. Potential areas of focus include: accuracy of stumpage rate calculations; effectiveness of revenue audit programs; management of accounts receivable; monitoring of scale sites and yields; and other aspects of internal control.
8	Grants to Outside Agencies	Whether grant programs administered by selected ministries have a suitable framework and that systems are in place.
9	Land Sales	Whether appropriate processes were followed in order to provide value for money from the sale of assets.
10	Management of Capital Asset Condition	How future costs to maintain capital assets are being assessed, managed and reported.
11	Massey Tunnel Replacement	To evaluate the quality of evidence to support the decision to replace the Massey Tunnel.
12	Ministry Oversight of Contracted Services for At-risk Children and Youth	Whether government exercises effective oversight of contracted services for at-risk children and youth.
13	Product Stewardship (Recycling)	The effectiveness of the Ministry of Environment's oversight of product stewardship (recycling) with a focus on Multi-Materials BC.
14	Status of Recommendations from the Missing Women Commission of Inquiry	Assess government's progress in implementing selected recommendations of the Missing Women Commission of Inquiry.
15	Supervisory Control and Data Acquisition (SCADA)	How well the province is managing the cyber security risks to SCADA systems to protect from unauthorized access, use, disclosure, disruption, modification, or destruction of information collected. SCADA systems use computers and software to collect and analyze data from sensors and then send instructions to physical devices such as valves and pumps at hydro dams and transmission lines.

2016/17 AND 2017/18 PROJECT TOPICS

Each of the topics in the following list is expected to start in 2016/17 or 2017/18. However, to remain responsive and relevant to emerging issues, we may postpone or replace some of these projects if higher priority topics are identified. We may also start some projects earlier if scheduling permits and priorities allow. Furthermore, our planning process is annual so this list will be reviewed and may result in additional changes.

As we have not yet completely identified the project scope, the date of completion for each project is also unknown. The progress of all projects can be monitored through our website.

	Project name	Description of what the project will cover
1	Access to Clean Drinking Water	Whether government is managing the province's water supply to ensure access to safe drinking water.
2	BC Ferries	The efficiencies of BC Ferries' operations and services.
3	B.C.'s Commercial Vehicle Safety and Enforcement Programs	The effectiveness of the province's commercial vehicle safety and enforcement program.
4	B.C.'s Post-Secondary Model	A review of the post-secondary education model 10 years after the University Act was amended to allow for teaching-intensive universities.
5	Billing Integrity Program (BIP)	The effectiveness of BIP and compliance with their investigation standards. BIP provides audit services to the Medical Services Plan and the Medical Services Commission.
6	Biosecurity Risk in Agriculture	How the Ministry of Agriculture identifies and manages biosecurity risk for B.C.'s livestock industry and the associated risks to human health, the economy and trade.
7	Cerner (Clinical Systems Transformation)	Whether Cerner is supporting the health sector's Clinical Care Management System through the management, coordination and delivery of high quality acute care services.
8	Chronic Disease Management	The effectiveness of the province's actions in primary prevention and health promotion of chronic disease.

2016/17 AND 2017/18 PROJECT TOPICS

	Project name	Description of what the project will cover
9	Climate Action Plan	Whether government is on track to meet its targets.
10	Domestic Violence	The effectiveness of the province's domestic violence programs.
11	Driving Safety	The effectiveness of government's programs in identifying and dealing with unsafe drivers.
12	Employee Performance and Development Programs in the K-12 System	Whether the Ministry of Education ensures that school districts effectively manage employee evaluation and professional development.
13	End of Life Care	An assessment of hospice palliative care services in the province.
14	Environmental Impacts of Upstream Natural Gas Development	Whether the Oil and Gas Commission is effectively managing the environmental impacts of upstream (i.e., extraction) oil and gas development.
15	First Nations' Accommodation Agreement Payments	Determine the effectiveness of government's oversight of accommodation agreement payments.
16	First Responders	The efficiency and effectiveness of first-on-scene responders in B.C.'s pre-hospital emergency care system.
17	Health Leadership	If the current stewardship arrangements in the health system are functioning effectively in certain cases.
18	Hospital Acquired Infections	The control of hospital acquired infections within the province.
19	Implicit Expenditures (Phase 2)	How effectively selected programs delivered using implicit expenditures are meeting their intended outcomes.
20	Information Technology Landscape in Government	A review of how government's IT strategy supports business transformation.
21	Internal Audit Function	The effectiveness of the internal audit functions across the Government of British Columbia.

2016/17 AND 2017/18 PROJECT TOPICS

	Project name	Description of what the project will cover
22	Justice Reform - Access to Justice	Whether the Ministry of Justice's reform initiatives have enabled timely access to justice.
23	Policy Capacity	The effectiveness of government public policy development.
24	Post-Secondary International Education Strategy	The effectiveness of B.C.'s post-secondary international education strategy.
25	Public Private Partnerships (P3) Information Piece	Lessons learned from the global P3 market and/or the impact of P3s on future budgets and borrowings.
26	Rural Health	Whether Rural Health Authority core public health programs are working to close the gap on low health outcomes in rural B.C.
27	Site C Dam	Whether BC Hydro's recommendation and government's decision to build Site C was supported by sufficient information and analysis to demonstrate that it would meet government's economic, social and environmental goals.
28	Strategic Outsourced Hosting Services	Whether the strategic outsourced IT hardware and software hosting services agreement provides value for money to the people of British Columbia.
29	Strategic Telecommunications Services Deal	Whether the Strategic Telecommunication Services deal provides good value to the people of British Columbia for the delivery of broad range telecommunication services.
30	System Development Controls	Guidance about the successful development and implementation of IT systems.
31	Whistleblower Practices	If government has an appropriate whistleblower framework in place and if it is effective.
32	Youth Corrections	Whether the Ministry of Child and Family Development's case management model has contributed to reductions in re-offending for youth.

SUMMARY OF OUR COVERAGE BY SECTOR

The following list is a summary of our project topics by sector to demonstrate the coverage over the period. It includes all projects currently underway, and those planned for the next three years.

Education		
Aboriginal Education	B.C.'s Post-Secondary Model	Post-Secondary International Education Strategy
Employee Performance and Development Programs in the K-12 System	Ministry of Advanced Education Capital Procurement	K-12 Budgeting and Monitoring

Social Services		
BC Housing	Ministry Oversight of Contracted Services for At-risk Children and Youth	

Health		
Mental Health	Panorama	Allegations About the Pharmaceutical Services Division
Billing Integrity Program (BIP)	Cerner (Clinical Systems Transformation)	Chronic Disease Management
BC Services Card	End of Life Care	First Responders
Health Leadership	Hospital Acquired Infections	Rural Health

SUMMARY OF OUR COVERAGE BY SECTOR

Justice System		
Family Maintenance and Enforcement Program	Status of Recommendations from the Missing Women Commission of Inquiry	PRIME BC
Justice Reform - Access to Justice		

Transportation		
Massey Tunnel Replacement	BC Ferries	B.C.'s Commercial Vehicle Safety and Enforcement Programs

Natural Resources		
Mining Sector Compliance and Enforcement	Forestry Revenue	Product Stewardship (Recycling)
Access to Clean Drinking Water	Biosecurity Risk in Agriculture	Climate Action Plan
Environmental Impacts of Upstream Natural Gas Development	Site C Dam	

Cross-government (Finance)		
Special Accounts	Implicit Expenditures (Phase 1)	Budget Assurance 2016
Management of Capital Asset Condition	Implicit Expenditures (Phase 2)	Internal Audit Function
Executive Expenses	Grants to Outside Agencies	Land Sales

SUMMARY OF OUR COVERAGE BY SECTOR

Cross-government (Information Technology)		
Information Technology General Controls (ITGC) Capability Self-Assessment	Mobile Device Management	Oversight of IT Investments
Supervisory Control and Data Acquisition (SCADA)	Information Technology Landscape in Government	Strategic Outsourced Hosting Services
Strategic Telecommunications Services Deal	System Development Controls	

Cross-government (Other)		
Ethics	Workstation Contract with IBM	BC Utilities Commission
First Nations' Accommodation Agreement Payments	Policy Capacity	Public Private Partnerships (P3) Information Piece
Whistleblower Practices	Domestic Violence	Driving Safety
Youth Corrections		