

Ministry of Advanced Education

An Audit of Mid-Size Capital Procurement in Post-Secondary Institutions Released May, 2016

<http://www.bcauditor.com/pubs>

Initial PAC Meeting- 23/11/16

Rec. #	OAG Recommendations	Action Planned	Target Date	Assessment of Progress by Entity ¹	Action Taken ²
2.	<p>RECOMMENDATION 2: <i>We recommend that the Ministry of Advanced Education use its improved understanding of the condition of its facilities to prioritize significant maintenance and new construction projects, and to inform its capital planning goals and priorities.</i></p>	<p>The Ministry agrees the incorporation of facility condition into the prioritization of new capital investments is an important principle.</p> <p>The Ministry is on its second iteration of assessing the physical condition of post-secondary assets at publicly funded post-secondary institutions in British Columbia. The results of those assessments are used to inform the approval process for projects currently before government for funding approval.</p>	Completed	Fully Implemented	<p>The Ministry of Advanced Education's use of facility condition index data has increased since 2011.</p> <p>The Ministry's usage of facility condition index data now forms part of the decision making for new capital projects.</p>

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² This action plan and their subsequent updates have not been audited by the OAG. However, at a future date that Office may undertake work to determine whether the entity has accurately represented their progress in addressing the recommendations. The results of that work will be reported in a separate report prepared by the OAG.

Please provide your email response to:

Attention: Bruce Ralston, Chair of the Select Standing Committee on Public Accounts

Email: publicaccountscommittee@leg.bc.ca and Mary.Newell@leg.bc.ca

Cc email to: the Comptroller General's Office of the Government of British Columbia Comptroller.General@gov.bc.ca

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3.	<p>RECOMMENDATION 3: <i>We recommend that the Ministry of Advanced Education follow its documentation processes to ensure capital submissions are complete.</i></p>	<p>The Ministry agrees with the importance of proper document and retention of capital submissions supporting projects receiving funding approval.</p> <p>The Ministry notes that planning and approvals for the projects audited were processed through government over the past seven to eleven years. Since then, considerable evolution and improvement of capital planning and project business planning requirements have taken place. The Ministry is pleased the Auditor General acknowledges the passage of time and subsequent refinements in the capital development process.</p> <p>The Ministry's current capital planning process and project documentation is rigorous; project business cases are linked closely with the associated approval documents; and continue to be retained in the Ministry's records for future reference.</p>	Completed	Fully implemented	<p>The Ministry has improved its capital planning and documentation processes since 2011.</p> <p>Project business plans are closely linked with the associated approval documents and the key documents are retained in a common location at the Ministry for future reference.</p>

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4.	<p>RECOMMENDATION 4: <i>We recommend that the Ministry of Advanced Education require post-secondary institutions to report on their compliance with the conflict-of-interest principles in the Capital Asset Management Framework for major projects, as part of the post-awarding communication to the Ministry.</i></p>	<p>The Ministry takes conflict-of-interest during the planning and procurement of a capital project very seriously.</p> <p>In response to the Auditor General’s recommendation, the Ministry will issue written guidance to the public post-secondary institutions highlighting the importance for those institutions to identify, document and report and conflict-of-interest between their staff and any organizations bidding on capital work for their particular institution.</p>	2016/17	Partially implemented	<p>The Ministry takes conflict of interest, either real or perceived, very seriously.</p> <p>The Ministry has begun communicating to post-secondary institutions the importance of conflict of interest declarations for any staff involved in the procurement of consultants or contractors for capital projects.</p> <p>This communication will be completed in 2016/17 with the expectation of reporting to follow as major projects are procured.</p>

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5.	<p>RECOMMENDATION 5: <i>We recommend that the Ministry of Advanced Education create a risk-based audit and plan to ensure that periodic independent procurement or financial audits (or both) are completed for significant, provincial government-funded capital projects.</i></p>	<p>The Ministry notes that since 2012, project boards were created to monitor and govern the development of major capital projects as they progress through business planning and construction.</p> <p>Project boards identify and mitigate risks as they arise on capital projects. Project board members include senior Ministry officials, Institution and independent procurement experts (e.g. Partnerships BC).</p> <p>The Ministry will supplement the work of project boards with a plan to undertake periodic risk-based audits on future capital projects.</p> <p>The Ministry will plan to undertake a minimum of one risk-based audit in 2016/17; target two audits for 2017/18; and have a plan to undertake a minimum of two audits each fiscal year thereafter.</p>	<p>2016/17 for one audit</p> <p>2017/18 for two audits</p> <p>2018/19 minimum of two audits per year</p>	<p>Partially implemented</p>	<p>The Ministry has established project boards to govern the development of major capital projects.</p> <p>Project boards are comprised of senior government officials experienced in capital procurement as well as senior staff from the post-secondary institution.</p> <p>The Ministry will supplement the work of project boards with periodic risk-based audits on major projects.</p> <p>The Ministry will plan to undertake a minimum of one risk-based audit in 2016/17; target two audits for 2017/18; and have a plan to undertake a minimum of two audits each fiscal year thereafter.</p>

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Detailed Action Plan - Prepared for the Select Standing Committee of Public Accounts

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6.	<p>RECOMMENDATION 6: <i>We recommend that the Ministry of Advanced Education improve its knowledge management practices by requiring project managers to review lessons learned on significant projects and share and discuss project successes and challenges with ministry staff.</i></p>	<p>The Ministry acknowledges the importance of learning from successes and challenges with every significant capital project.</p> <p>As part of the work supporting Recommendation Seven, the Ministry will incorporate an assessment of lessons learned during the planning and procurement process to better inform the Ministry and post-secondary institutions for future planning purposes.</p> <p>In 2016/17 the Ministry will begin planning to undertake a post-occupancy evaluation of one major project in the 2017/18 fiscal year.</p> <p>The goal will be to communicate lessons learned to post-secondary institutions shortly after completion of that evaluation no later than 2018/19.</p>	<p>2016/17 planning to undertake a post-occupancy evaluation on a major capital project.</p> <p>2017/18 undertake the evaluation</p> <p>2018/19 communicate lessons learned to post-secondary institutions</p>	To be implemented	As part of work for Recommendation 7, the Ministry will incorporate an assessment of “lessons learned” during the planning and procurement process and share the findings with post-secondary institutions for continuous improvement.

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7.	<p>RECOMMENDATION 7: <i>We recommend that the Ministry of Advanced Education require post-secondary institutions, after they complete a capital project, to assess and report back on their progress against the original business case objectives.</i></p>	<p>Undertaking a post-occupancy evaluation of a major project approximately one year after completion is an important aspect in the project close-out process.</p> <p>The Ministry will work with post-secondary institutions to ensure that a post-occupancy evaluation assessment is completed and provided to the Ministry.</p> <p>A post-occupancy evaluation would assess if a project achieved the business plan objectives, as known at that time, as well as other lessons learned during the procurement and implementation process.</p>	<p>2016/17 planning to undertake a post-occupancy evaluation on a major capital project.</p> <p>2017/18 undertake the evaluation</p> <p>2018/19 communicate results to the specific post-secondary institution</p>	To be implemented	The Ministry will work with post-secondary institutions to establish a post-occupancy evaluation process to determine the extent to which a project achieved its business plan objectives.

Prepared by: Ministry of Advanced Education

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