

Select Standing Committee on Public Accounts

SUMMARY OF ACTIVITIES 2019/20



LEGISLATIVE ASSEMBLY
of BRITISH COLUMBIA

JULY 2020

**FIFTH SESSION
OF THE 41ST PARLIAMENT**



July 28, 2020

To the Honourable
Legislative Assembly of the
Province of British Columbia

Honourable Members:

I have the honour to present herewith the First Report of the Select Standing Committee on Public Accounts for the Fifth Session of the 41st Parliament titled, *Summary of Activities 2019/20*.

Respectfully submitted on behalf of the Committee,

Shirley Bond, MLA
Chair

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Composition of the Committee

Members

Shirley Bond, MLA	Chair	Prince George-Valemount
Mitzi Dean, MLA	Deputy Chair	Esquimalt-Metchosin
Garry Begg, MLA	Surrey-Guildford	
Rick Glumac, MLA	Port Moody-Coquitlam	
Bowinn Ma, MLA	North Vancouver-Lonsdale	
Ralph Sultan, MLA	West Vancouver-Capilano	
Jane Thornthwaite, MLA	North Vancouver-Seymour	
John Yap, MLA	Richmond-Steveston	

Committee Staff

Kate Ryan-Lloyd, Clerk of the Legislative Assembly

Ron Wall, Manager, Committee Research Services

Lisa Hill, Committee Research Analyst

Katey Stickle, Committee Researcher

Terms of Reference

On February 18, 2020, the Legislative Assembly agreed:

That all reports of the Auditor General of British Columbia transmitted to the Speaker of the Legislative Assembly be deemed referred to the Select Standing Committee on Public Accounts. For greater certainty, the following exceptions are provided:

- 1) The report referred to in section 22 of the *Auditor General Act* (S.B.C. 2003, c. 2) shall be referred to the Select Standing Committee on Finance and Government Services; and
- 2) Reports of the Auditor General respecting the Legislative Assembly prepared under the statutory provisions of the *Legislative Assembly Management Committee Act* (R.S.B.C. 1996, c. 258) shall be referred to the Legislative Assembly Management Committee.

That the Select Standing Committee on Public Accounts be the Committee referred to in sections 6, 7, 10, 13 and 14 of the *Auditor General Act* (S.B.C. 2003, c. 2).

That, in addition to the powers previously conferred upon the Select Standing Committees of the House, the Select Standing Committee on Public Accounts be empowered to:

- a) Appoint of its number one or more subcommittees and to refer to such subcommittees any of the matters referred to the Committee and to delegate to the subcommittees all or any of its powers except the power to report directly to the House;
- b) Sit during a period in which the House is adjourned, during the recess after prorogation until the next following Session and during any sitting of the House;
- c) Adjourn from place to place as may be convenient; and
- d) Retain personnel as required to assist the Committee;

and shall report to the House as soon as possible, or following any adjournment, or at the next following Session, as the case may be; to deposit the original of its reports with the Clerk of the Legislative Assembly during a period of adjournment and upon resumption of the sittings of the House, the Chair shall present all reports to the Legislative Assembly.

Select Standing Committee on Public Accounts SUMMARY OF ACTIVITIES 2019/20

The Select Standing Committee on Public Accounts (PAC) is one of 10 permanent parliamentary committees of the Legislative Assembly of British Columbia. The Committee reviews reports of the Auditor General of British Columbia.



PAC enables increased public transparency and accountability



PAC holds government accountable for its expenditure of public funds and stewardship of public assets.



PAC ensures follow-up to the implementation of recommendations in the Auditor General's reports

16 REPORTS reviewed by the Committee at **9 COMMITTEE MEETINGS** during the Fourth Session, from February 12, 2019 to February 11, 2020



Education



Environment



Financial



Health



Information
Technology



Justice &
Public Safety



Procurement



Social
Services

KEY GOALS 2019/20	Strengthened follow-up process	Improved communications and engagement plan	Appointment of an Acting Auditor General
	Enhanced transparency and accountability	Increased public awareness and understanding of PAC's work	Effective interim leadership for the Office of the Auditor General

www.leg.bc.ca/cmt/pac

The Work of the Committee

This report summarizes the activities of the Select Standing Committee on Public Accounts (the Committee) in reviewing Office of the Auditor General (OAG) reports during the Fourth Session of the 41st Parliament.

At the first meeting of the Fourth Session, the Committee elected a Chair and Deputy Chair and established a Subcommittee on Agenda and Procedure, consisting of the Chair, the Deputy Chair and two Members, one each representing the government caucus and the Official Opposition caucus. The Committee met a total of nine times and reviewed 16 OAG reports covering issues across the public sector, including the provincial financial statements, access to emergency health services, BC Hydro's rate regulation and cybersecurity programs, residential services for children and youth in care, and the education of Indigenous students. Copies of OAG reports are available at: <http://www.bcauditor.com/>

From August 19 to 21, 2019, the Chair, Deputy Chair and two Members representing government and the Official Opposition attended the annual conference of the Canadian Council of Public Accounts Committees/ Canadian Council of Legislative Auditors in Niagara-on-the-Lake, Ontario, to discuss good practices and emerging issues in public sector administration and accountability. In addition, Committee Members met informally on January 8, 2020 with the Chair of the Public Accounts Committee of the Legislative Assembly of the Parliament of Western Australia.

On September 24, 2019, former Auditor General Carol Bellringer provided notice of her resignation effective December 31, 2019. The Committee's terms of reference designate it as the committee responsible under the *Auditor General Act* for recommending to the Legislative Assembly a candidate for the position of Acting Auditor General. The Committee undertook a rigorous appointment process and unanimously recommended that Deputy Auditor General Russ Jones be appointed Acting Auditor General in a report presented to the Legislative Assembly on November 28, 2019. The Legislative Assembly adopted a resolution to this effect later that day. The Committee's November 28, 2019 report titled, *Appointment of an Acting Auditor General*, is available on the Committee website. The Special Committee to Appoint an Auditor General subsequently agreed unanimously to recommend the appointment of Michael Pickup as Auditor General, and on March 23, 2020 the Legislative Assembly adopted a resolution for his appointment effective July 27, 2020.

Minutes and transcripts of Committee meetings and reports are available on the Committee website at: <https://www.leg.bc.ca/cmt/pac>

Meeting Schedule

The Committee met during the Fourth Session on the following dates.

March 7, 2019	Election of Chair and Deputy Chair Subcommittee on Agenda and Procedure Membership
April 9, 2019	Review of OAG Report <i>Master Supplier File Maintenance</i> (January 2019) Update from the Auditor General on the Committee follow-up process

- April 23, 2019 Review of OAG Reports
- *Rate-regulated Accounting at BC Hydro* (February 2019)
 - *Access to Emergency Health Services* (February 2019)
 - *The BC Oil and Gas Commission's Management of Non-Operating Oil and Gas Sites* (March 2019)
 - *The Short Term Illness and Injury Plan* (January 2019)
 - Consideration of correspondence received by the Committee
 - CCPAC 2019 and 2020 Conference updates
- May 16, 2019 Consideration of draft Committee report titled, *Summary of Activities 2018/19*
- September 12, 2019 Review of OAG Reports
- *Understanding Our Audit Opinion on B.C.'s 2018/19 Summary Financial Statements* (July 2019)
 - *Progress Audit: The Education of Aboriginal Students in the B.C. Public School System* (June 2019)
 - *Detection and Response to Cybersecurity Threats on BC Hydro's Industrial Control Systems* (March 2019)
- Committee discussion of Action Plan Progress Assessments 2019
- Consideration of correspondence received by the Committee
- Report on 2019 Canadian Council of Public Accounts Committees Conference
- October 16, 2019 Review of OAG Reports
- *Progress Audit: Correctional Facilities and Programs* (February 2019)
 - *Oversight of Contracted Residential Services for Children and Youth in Care* (June 2019)
 - *BC Liquor Distribution Branch Directly Awarded Contracts* (July 2019)
 - *Financial Statement Audit Coverage Plan for financial statements fiscal years ending 2021, 2022 and 2023*
- Update on April 2019 Action Plan and Progress Assessment regarding OAG report titled, *Effectiveness of BC Community Corrections* (December 2011)
- Update from BC Emergency Health Services regarding request for information in relation to the OAG report *Access to Emergency Health Services* (February 2019) and the response received by the Committee on May 2, 2019
- Consideration of correspondence received by the Committee
- November 7, 2019 Review of OAG Reports
- *The B.C. Government's Internal Directory Account Management* (August 2019)
 - *Executive Expenses at School District 36* (August 2019)
- Action Plan and Progress Assessment Updates by Members
- November 26, 2019 Deliberations on Acting Auditor General Appointment Process
- December 17, 2019 Review of OAG Reports
- *The Protection of Drinking Water: An Independent Audit* (July 2019)
 - *Managing Human Resources at the B.C. Sherriff Service* (October 2019)

Financial Statement Audit Coverage Plan

The Committee considered the OAG's proposed *Financial Statement Audit Coverage Plan* for the 2020/21, 2021/22 and 2022/23 fiscal years at its October 16, 2019 meeting. A subsequent version of the plan was presented at the Committee's March 30, 2020 meeting.

Summary of Proposed Plan

Under the *Auditor General Act*, the Auditor General must prepare and submit to a committee of the Legislative Assembly a plan each year for the appointment of auditors for government organizations and trust funds to cover the next three fiscal years. The Assembly has designated the Select Standing Committee on Public Accounts as the Committee for this purpose. The Committee's approval of the plan informs the Auditor General's annual budget request, which is considered by the Select Standing Committee on Finance and Government Services each fall.

The Auditor General summarized the plan's three levels of proposed audit coverage for 144 public sector organizations and one new organization. For the first level of low, or "limited" coverage, the OAG would ensure auditing by contracted firms for most school boards, colleges, and employer associations. For the second level of moderate, or "oversight" coverage, the OAG would arrange for work by auditors other than the OAG for a rotating selection of school boards, health authorities and Crown corporations. For the third level of high, or "direct" involvement, OAG staff or private sector firms under contract would conduct audits for a rotating selection of universities, health authorities and Crown corporations. Under the plan, the OAG would also continue as the direct auditor of seven entities where its term exceeds five years and would remain as the direct auditor for the Provincial Employees Community Services Fund, a charitable employee trust which collects donations from provincial employees. This is the only organization which is not part of the government reporting entity. The OAG charges no fee for the audit in order to support the charity.

Committee Inquiry

Fall 2020 Budget Submission Process

The Committee took note that its potential endorsement of the plan would be subject to the fall 2020 statutory officer budget submission process which is the responsibility of the Select Standing Committee on Finance and Government Services. The Committee endorsed the financial statement audit coverage plan for 2020/21, 2021/22 and 2022/23 proposed by the OAG and adopted a separate motion that should the budgetary estimates proposed by the OAG not be recommended by the Select Standing Committee on Finance and Government Services, the OAG would return to the Committee with any required amendments to the plan. Following a decision by the Select Standing Committee on Finance and Government Services to recommend a reduced OAG budget for 2020/21 to 2022/23, the Auditor General presented a revised plan to the Committee at its March 30, 2020 meeting, which was endorsed.

Audit Coverage beyond Five Years for Public Entities

The Committee sought additional information on the plan's proposed direct audit coverage of seven organizations beyond the usual five year term of appointment. OAG representatives explained that the plan requires approval for audits beyond five years. The rationale for extended auditing can include coverage for small entities to ensure that audit requirements are met, and entities where the OAG has an ongoing concern, such as those responsible for large capital assets or significant infrastructure holdings. The proposed plan includes seven entities to be audited beyond five years.

Payment for Office of the Auditor General Audits

The Committee asked about the payment of fees for OAG audits. OAG representatives indicated that public sector organizations pay fees to the OAG to cover the cost of audits. To maintain its independence, the OAG has a practice of returning such fees to the Consolidated Revenue Fund. As noted, the overall OAG annual budget is considered by the Select Standing Committee on Finance and Government Services each fall.

Columbia Power Corporation Audit

Detail was requested on the scope of the Columbia Power Corporation audit, and whether the audit would cover possible asset purchases planned by the corporation. The Auditor General advised that the OAG proposes to audit the corporation beyond five years given its significant role in energy infrastructure. The audit would verify the accounting treatment for the corporation's financial statements; however, if other components were found to warrant additional scrutiny, the OAG could review them as part of an additional performance audit.

Committee Decision and Follow-up

The Committee supported the recommendations listed on page 5 of the Auditor General's proposed *Financial Statement Audit Coverage Plan*, including the proposed plan for the 2020/21, 2021/22 and 2022/23 fiscal years, the direct auditing of seven government organizations where the engagement term exceeds five consecutive fiscal years, and the direct auditing for one organization outside the government reporting entity, namely the Provincial Employees Community Services Fund. In this regard, the Committee adopted the following motions:

The Committee endorse the three recommendations listed on page 5 of the *Financial Statement Audit Coverage Plan - For financial statement fiscal years ending in 2021, 2022 and 2023*, as required by sections 10 and 14 of the *Auditor General Act*.

Should the FY 2020/21 Budgetary Estimates proposed by the Office of the Auditor General fail to be approved by the Select Standing Committee on Finance and Government Services, that the Office of the Auditor General return to the Select Standing Committee on Public Accounts with any amendments to the *Financial Statement Audit Coverage Plan 2020/21 to 2022/23*, which may be required.

Following a decision by the Select Standing Committee on Finance and Government Services to recommend a reduced budget for 2020/21 to 2022/23, the Auditor General presented a revised plan to the Committee at its March 30, 2020 meeting, which endorsed the plan.

Financial Reports

Understanding Our Audit Opinion on B.C.'s 2018/19 Summary Financial Statements (July 2019)

The Committee considered the July 2019 OAG report titled, *Understanding Our Audit Opinion on B.C.'s 2018/19 Summary Financial Statements*, at its September 12, 2019 meeting.

Summary of OAG Report

The Auditor General stated that the annual OAG audit of the provincial Summary Financial Statements serves an important public accountability purpose in demonstrating whether the statements are accurate and prepared in accordance with Generally Accepted Accounting Standards (GAAP).

The OAG audit team outlined the key points of the audit of the 2018/19 Summary Financial Statements covering \$56 billion in public sector expenses by over 160 organizations as well as \$95 billion in assets and \$87 billion in liabilities. The previous year's audit had two qualifications, one of which – rate-regulated accounting – was apparently resolved over the past year with government's repeal of a regulation authorizing rate-regulated accounting, the adoption of international accounting standards in this area, the closing of a rate regulatory account by writing off \$1.04 billion, and improvements to oversight by the BC Utilities Commission.

The other qualification in the July 2019 audit opinion related to the recording of deferred revenues in the 2018/19 statements. The audit team noted that this was the eighth year that the OAG had stated their concern about accounting for deferred revenues from federal transfers. In the OAG's view, GAAP requires that these funds be recorded as revenue as the asset is incrementally bought or built; however, government records revenue over the useful life of the asset. The audit team indicated that there was \$5.7 billion of deferred revenue as of March 31, 2019, although this did not mean that government had additional funds since such money was typically already spent or earmarked for specific projects. A process has commenced with the Comptroller General to review this qualification and assess government's position on accounting for deferred revenues.

Summary of Government Response

The Comptroller General noted that recent government action had resulted in the removal of the rate-regulated accounting qualification, leaving one qualification on accounting for deferred revenues. This qualification has been raised since 2011/12, when a new Public Sector Accounting Board standard was issued and a government regulation was adopted to allow for the recording of revenues when service delivery obligations are fulfilled. In government's view, this better reflects the economic substance of federal-provincial/territorial funding arrangements and best serves the public interest. The Office of the Comptroller General and the OAG are committed to discussing their respective positions and continuing to collaborate on accounting standard issues and the way to report financial performance to the Legislative Assembly and the public.

Committee Inquiry

Removal of Qualification on Rate-Regulated Accounting

Committee Members commended the audit team and the Office of the Comptroller General for resolving the longstanding audit qualification on the use of rate-regulated accounting at BC Hydro. The audit team and the Comptroller General noted that removing the qualification was based on collaboration in recent years for addressing a range of accounting issues. In 2017/18, this collaboration had resulted in the removal of a qualification that the Transportation Investment Corporation did not meet the criteria for a self-supporting Crown corporation because its revenues did not cover its costs (this was resolved by government's reclassification of the corporation to a taxpayer-supported Crown corporation).

Qualification on Accounting for Deferred Transfers – Government Authority for Use of Funds

Committee Members asked about government's authority to decide how to use funding received through federal transfers. The Comptroller General explained that intergovernmental transfers were provided for the express purpose of funding various programs and services (since 2010, transfer agreements have included additional detail on the use of funding). When circumstances change, government would typically return to the federal government and seek to change the arrangement or terms for the funds.

Qualification on Accounting for Deferred Transfers – Accounting Standard Review

In response to questions from Committee Members, the audit team advised that the international Public Sector Accounting Standards Board was reviewing the standard for accounting for deferred transfers. The review was tackling the complexities of how to account for capital transfers.

Qualification on Accounting for Deferred Transfers – Next Steps

In response to queries from Members, the Deputy Auditor General and the Comptroller General outlined their plans to work together to address accounting issues in the provincial financial statements. This included examining the impact of GAAP, the requirements of the *Budget Transparency and Accountability Act* and other statutes, and cross-jurisdictional perspectives. The Deputy Auditor General commented that the Public Sector Accounting Board is also reviewing its financial conceptual framework and reporting model.

Rate-regulated Accounting at BC Hydro (February 2019)

The Committee reviewed the February 2019 OAG report titled, *Rate-regulated Accounting at BC Hydro*, at its April 23, 2019 meeting.

Summary of OAG Report

The Auditor General began by describing rate-regulated accounting at BC Hydro as one of the most complex technical issues examined by the OAG. The OAG audit team advised that rate-regulated accounting is subject to specific standards and is a widely used practice at utility companies across North America. The use of rate-regulated accounting has an important impact on the financial statements of BC Hydro, the overall provincial public sector, and BC Hydro ratepayers, since it allows regulated companies to record expenses in a different period than the costs would otherwise be recorded on the financial statements. BC Hydro first established a rate-regulated account on March 30, 2000 to mitigate the impact of the short-term volatility of revenues and expenses on ratepayers. At the time of the report, its net regulatory asset balance was \$5.5 billion.

The OAG report found that past government directions had resulted in BC Hydro not using rate-regulated accounting in accordance with GAAP. In addition, government direction to the British Columbia Utilities Commission (BCUC) limited BCUC's ability to regulate BC Hydro. As a result, BC Hydro was not allowed to charge its customers enough to cover its operating costs each year. The OAG report recommended that BC Hydro prepare its financial statements in accordance with GAAP without modification and urged that the BCUC be able to fulfill its roles in determining allowable costs and rates, and the use of regulatory accounts.

Summary of Government Response

Ministry of Energy, Mines and Petroleum Resources staff responsible for BC Hydro and BC Hydro officials reported that government had accepted the OAG recommendation and its implementation was underway. In this regard, government had repealed the regulation creating directions for BC Hydro on November 7, 2018, and BC Hydro will be able to prepare its 2018/19 annual financial statements in accordance with GAAP.

Government's overall expectation for managing the repeal of rate-regulated accounting included the maintenance of affordable rates for ratepayers along with enhanced BCUC oversight of BC Hydro. Under the plan, no new regulatory accounts were proposed, two accounts were being closed and up to six more would be closed by 2024/25. BC Hydro assured the Committee that it forecasted a decline in its net regulatory asset balance to \$3.2 billion by 2024/25, over 45 percent below the peak balance in 2016/17.

Committee Inquiry

Government Response to the OAG Report

Committee Members commended government for its decision to accept the OAG audit report finding and to implement the recommendation, "that BC Hydro prepare its financial statements in accordance with Canadian GAAP principles, without modification" thus resolving a longstanding issue before the Committee.

Implications for Ratepayers

Members requested clarification regarding the implications for ratepayers of government's decision to implement the OAG audit report recommendation. BC Hydro officials acknowledged that rates in the province would have been higher had rate-regulated accounting not been used, and that this accounting practice had enabled a smoothing of rate increases over time.

BCUC Oversight

Members inquired about the BCUC's role in overseeing BC Hydro rate changes. Ministry officials stated that BC Hydro had recently applied to the BCUC to increase rates for the current year and next year, and it will be up to the BCUC to decide on these proposals.

BC Hydro Financial Situation

Information was requested about BC Hydro's ability to cover its operating costs with the proposed rate increases. BC Hydro officials confirmed that projected revenue requirements reflect the cost of running BC Hydro systems reliably and safely and, subject to the BCUC's approval, rates would be sufficient to run the business effectively.

Reallocation among BC Hydro Customer Classes

Committee Members asked how costs are allocated between classes of BC Hydro users. The Auditor General emphasized the importance of an independent regulatory framework for determining such allocations. In many other jurisdictions, residential customers pay less than their cost of service, industrial customers pay approximately their actual cost of service, and commercial customers pay more than their cost of service. Government's 2019 direction continues an existing prohibition on rate rebalancing as between categories of customers unless approved for by a public utility regulator. BC Hydro officials indicated that a recent BC Hydro study estimated that residential ratepayers currently pay 93 percent of the cost of service, which is close to the BCUC's desired range of 95-105 percent of the cost of service.

Education Reports

Progress Audit: The Education of Aboriginal Students in the B.C. Public School System (June 2019)

The Committee reviewed the June 2019 OAG report titled *Progress Audit: The Education of Aboriginal Students in the B.C. Public School System* at its September 12, 2019 meeting.

Summary of OAG Report

In 2015, the OAG audited the education of Indigenous students in the BC public school system. That audit followed government's 2005 commitment to achieve parity in education outcomes for Indigenous and non-Indigenous students by 2015. The 2015 audit found that there were still gaps in education outcomes and recommended that the Ministry of Education: provide leadership to the system; improve how the Ministry and school districts use data; and report on actions to close the gap between Indigenous and non-Indigenous learners.

The June 2019 OAG progress audit examined the Ministry's progress in implementing the 2015 audit report recommendations and found that considerable progress has been made. Overall, the reported gap in the graduation rate gap between Indigenous and non-Indigenous students had decreased considerably from 40 percent in 2000 to 24 percent in 2015, and to 16 percent in 2018. Further work was required to strengthen Indigenous student outcomes, including learning assessments, the foundation skills assessment and actions to ensure that Indigenous students feel welcome in school settings.

Summary of Government Response

The Deputy Minister of Education reiterated government's acceptance of the 2015 audit report findings and its commitment to implement the recommendations in the 2015 audit report. He noted that the percentage of Indigenous students achieving grade 12 completion has risen from 62 percent in 2013/14 to 70 percent in 2017/18, the highest rate ever in the province.

The Deputy Minister stated that government is committed to making further progress through: the creation of an Equity in Action Project to identify systemic barriers to Indigenous student success; the initiation of a First Nations Data Committee with the First Nations Education Steering Committee to identify indicators on Indigenous student performance; and the development of a formal accountability framework. The establishment of the BC Tripartite Education Agreement between the Ministry, the First Nations Education Steering Committee and the Government of Canada would provide a framework for improving educational outcomes through increased transportation support to public schools, strengthened local relationships between Boards of Education and First Nations, and the establishment of Educational Outcome Improvement Teams to improve Indigenous student success. The Ministry's Service Plan provides direction to improve Indigenous student outcomes including closing the gap in education outcomes between Indigenous and non-Indigenous students and improving Indigenous students' sense of belonging in schools.

Committee Inquiry

Taking Ownership for the Success of Indigenous Students

Committee Members sought details on the roles of school districts and teachers in improving learning outcomes for Indigenous students. Ministry officials outlined a multipronged approach involving a new curriculum with clear outcomes and expectations for Indigenous learning, enhanced standards and professional development for teachers, and ongoing engagement with district superintendents.

Evergreen Certificates

Members asked about the inappropriate issuance of Evergreen school completion certificates. Ministry officials indicated that in the 2017/18 school year, 779 certificates were issued, with 231 of them going to Indigenous students. After consulting the districts, the Ministry found that ten Indigenous students received a certificate inappropriately because they did not have a special needs designation. Ministry officials stated that when data on certificates become available, they follow up with superintendents to understand why certificates were issued and to ensure good practices and procedures.

Audit Process

Members asked about the Indigenous education audit process, procedures used by the audit team when they found school districts who were not meeting provincial standards, and the engagement of Indigenous communities in the audit. The audit team explained that they focused on the Ministry rather than school districts. The team analyzed data to identify districts which were not meeting expectations and discussed these findings with the Ministry. During the 2015 audit, the audit team met with Indigenous communities and other education stakeholders; for the progress audit, they spoke primarily with provincial-level organizations for Indigenous education stakeholders and other education stakeholders.

United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)

In response to questions about the implications of UNDRIP, Ministry officials noted that UNDRIP and the Truth and Reconciliation Commission's Calls to Action provide direction to the Ministry. In this context, collaboration with and learning from Indigenous stakeholders is very important, including the partnership with the First Nations Education Steering Committee.

Consultation with First Nations

Additional information was requested on consultation with Indigenous communities and partners on the use of education funds, especially when there are students from multiple First Nations in a district. Ministry officials provided an example in which the Ministry provided money to school districts for mental health supports and directed them to consult with First Nations communities to decide how best to use the funds.

Committee Follow-up

The Committee requested additional information regarding Indigenous teacher training in provincial community-based programs. This information was distributed to Committee Members on September 25, 2019 and posted on the Committee's website.

Executive Expenses at School District 36 (August 2019)

The Committee reviewed the August 2019 OAG report titled, *Executive Expenses at School District 36*, at its November 7, 2019 meeting.

Summary of OAG Report

The OAG audit team informed the Committee that School District 36 (SD 36) covers Surrey and White Rock, and has the largest number of students among all provincial school districts. Overall, the audit found that SD 36 is doing a reasonable job of managing executive expenses, ensuring that financial records are accurate and meeting requirements for public disclosure.

The audit team indicated that, although SD 36 is not formally part of the government ministries and organizations which are subject to Treasury Board's *Core Policy and Procedures Manual (CPPM)* – a compilation of provincial government financial and administrative policies – SD 36 is expected to follow the spirit and intent of CPPM. However, the audit team found that the policies established by SD 36 did not fully comply with CPPM. For example, instead of the CPPM approach of using a travel card or a personal credit card, SD 36 employees use a corporate purchasing card, which exposes SD 36 to financial risks for employee expense claims. In addition, the SD 36 per diem allowance for meals and incidental expenses was \$75 per day, compared with up to \$51.50 per day under CPPM. Furthermore, some SD 36 executive expenses did not always include an explanation about why certain meetings were held during mealtime, the purpose of meetings or meeting attendees, which are requirements under CPPM. The audit report requested that SD 36 change its expense policies to provide full conformity with CPPM.

Summary of Government Response

The Deputy Minister of Education and SD 36 officials expressed appreciation for the work of the audit team, and their finding that the overall management of executive expenses was reasonable and complied with reporting requirements for public disclosure. They noted that SD 36 policies were normally consistent with CPPM policies for government ministries and provided detail on steps taken to address the audit recommendations with respect to deviations from specific CPPM provisions.

SD 36 is reviewing its policies and procedures and their alignment with CPPM, including the audit report findings regarding employer-paid food for meetings, per diem rates and the use of purchasing cards as well as transaction processing practices and documentation details and business purposes for expense activities. An internal audit committee has been established to review reimbursement policies and procedures as well as internal controls to ensure consistent enforcement. The SD 36 follow-up reviews will help to determine the appropriate balance between the level of risk to the district and the operational efficiency of processing expense transactions.

Committee Inquiry

School District Governance Framework

Committee Members sought information on government's relationship with school districts and the implications of audit report recommendations. Ministry of Education officials confirmed the co-governance of school districts whereby statutory responsibilities are divided between the Ministry and locally elected boards of education. Government's core policies such as CPPM apply to all ministries and organizations which make up core government whereas the broader public sector, including school districts, must comply with

those policies but may also develop additional financial policies to reflect their particular circumstances. The Ministry has an active role in ensuring that school district policies and controls are consistent with CPPM and is working with SD 36 to address issues identified in the audit report.

SD 36 Selection and Audit Report Implications for Other School Districts

The Committee asked about the rationale for the audit team's selection of SD 36 for an in-depth examination of executive expenses and the report's relevance for other school districts. The audit team explained that SD 36 was selected as an example of a large school district – whereas a May 2018 audit had examined executive expense practices at a mid-sized district, School District 61 (Victoria). Ministry of Education officials reported that the SD 36 audit report had been distributed to all school district superintendents and that the audit findings and recommendations had been discussed at meetings with all superintendents to help strengthen financial policies for school districts across the province.

School District Expense Management Culture

While recognizing the co-governance of school districts, Committee Members asked Ministry of Education and school district officials about conformity with CPPM provisions as an indicator of accountability for the good management of public funds. SD 36 officials reiterated their intent to comply with CPPM. They stated that additional policies provide a strong accountability framework, and reviews were under way to identify enhancements to financial administration.

Inappropriate Expenses and Public Disclosures

Members asked the audit team whether their examination identified inappropriate expense claims and reporting requirements for the public disclosure of school district employee expenses. The audit team advised that nothing inappropriate was identified; however, compliance with CPPM and rigour around documentation and business rationales needed to be improved. Expenses paid to employees earning over \$75,000 a year are disclosed annually under the *Financial Information Act*.

Committee Follow-up

The Committee requested additional information on per diem rates for school districts across the province. This information was distributed to Committee Members on December 19, 2019 and posted on the Committee's website.

Environment Report

The B.C. Oil and Gas Commission's Management of Non-Operating Oil and Gas Sites (March 2019)

The Committee reviewed the March 2019 OAG report titled, *The B.C. Oil and Gas Commission's Management of Non-Operating Oil and Gas Sites*, at its April 23, 2019 meeting.

Summary of OAG Report

The audit team explained that the B.C. Oil and Gas Commission is responsible for managing the environmental and financial risks of oil and gas well sites that are no longer operational and specifically, inactive, decommissioned and restored sites. Decommissioning and restoration of sites are the operator's responsibility. When operators become bankrupt or absent – creating what are known as “orphaned” sites – the Commission ensures the clean-up or remediation through an Orphan Fund funded by production-based levies on oil and gas companies. The audit found that not all oil and gas site operators were required to decommission wells and restore inactive sites because of legislative gaps; and that the Commission did not collect enough Orphan Fund monies to cover the cost of restoring orphan sites. The audit report recommended a series of actions to strengthen the management of non-operating oil and gas sites. This included: a review of regulations and guidelines; the development and implementation of policies and procedures for decommissioning wells and restoring sites in a timely manner; strengthened verification and monitoring of restored sites; and strengthened management of orphan sites.

Summary of Government Response

The Commissioner and Chief Executive Officer of the Commission accepted the audit findings and outlined actions to implement the audit report recommendations. On decommissioning inactive wells and restoring sites, the passage in 2018 of amendments to the *Oil and Gas Activities Act* provided authority to require mandatory decommissioning and restoration, and the Commission is working on improved regulations and guidelines. The 2018 legislative amendments provide for enhanced transparency, including the regulatory oversight of inactive sites, and programs are designed to ensure safety and environmental protection within legislative authority. Work is underway to more clearly define surface reclamation requirements, provisions for high risk sites are being reviewed, public reporting is being enhanced, and research on the long term performance of decommissioned wells and restored sites (including legacy sites) will continue to drive further regulatory improvements. The amendments adopted in 2018 also authorize changing the Orphan Fund levy. As well, a review of liability management and security is underway to support a new and modernized regulatory framework.

Committee Inquiry

Effective Funding of the Decommissioning and Restoration

Committee Members sought additional information about who pays to remediate orphan wells, the Commission's process for collecting security deposits from oil and gas companies, and coverage by the

Orphan Fund of cases where companies become bankrupt or absent. Commission officials reported that the statutory framework has a “polluter pays” approach; under this approach, oil and gas companies pay a security deposit for decommissioning and restoration based on their liability management rating, which reflects each company’s compliance history and financial situation. A review was underway to modernize the liability management rating and 2018 legislative amendments authorize the Commission to increase budgets for security deposits and the Orphan Fund.

Impact of Liquefied Natural Gas (LNG)

Committee Members inquired how the expansion of LNG would affect the Commission’s work. Commission officials advised that their reservoir engineers and geologists were assessing the impact of LNG development in consultation with Indigenous communities. In the short term, while LNG projects are being completed, there would not be a major impact on the Commission’s workload. In the longer term, LNG will be produced from more closely spaced wells with a reduced development footprint, which would also limit the impact on the Commission’s workload.

Hydraulic Fracturing and Environmental Risks

The Committee inquired about the Commission’s work to address the environmental risks of hydraulic fracturing (commonly known as “fracking”). Commission officials outlined their collaboration across government to review and monitor these risks, including the impact on water use and seismic effects, and stated that information received by the Commission on these matters would be publicly posted on their website to ensure accountability and transparency.

Use of Technology to Monitor Sites

Committee Members asked about the use of technology to enhance the monitoring of well sites, such as the use of helicopters with methane detectors for identifying detect leakage. Commission officials highlighted the use of new technologies, such as drones equipped with real-time monitoring devices, to monitor compliance and enforcement, including methane leakage, as well as work with government ministries to enhance methane emission measurement.

Health Reports

The Short Term Illness and Injury Plan (January 2019)

The Committee reviewed the January 2019 OAG report titled, *The Short Term Illness and Injury Plan*, at its April 23, 2019 meeting.

Summary of OAG Report

The OAG report team examined the Short Term Illness and Injury Plan (STIIP), which is administered by the BC Public Service Agency. STIIP provides government employees with paid leave should they be absent from work due to illness or injury for a maximum of six months, at a cost of \$39 million annually. STIIP was selected for an audit because it relies on self-reporting by employees, which means that controls are necessary to address the risk of misuse. Overall, the audit team found that an effective control framework is in place to manage STIIP, with controls to prevent, detect and correct errors; however, there is room for improvement in oversight through better monitoring of usage and coordination with ministries.

The audit team recommended that the BC Public Service Agency regularly analyze data on identified or suspected STIIP misuse so that it can improve preventative and detective controls, and that it develop and maintain a summary overview of available resources to support the STIIP program and ensure effective user understanding. More specifically, the report recommended enhanced training materials, information and communications for employees and managers, strengthened tracking, performance metrics and investigation of STIIP usage, regular reviews of STIIP policies, procedures and controls, and clarification of the roles and responsibilities of the BC Public Service Agency and other government organizations with respect to employee management and accountabilities.

Summary of Government Response

The Deputy Minister of the BC Public Service Agency reported that government has reviewed and accepted all of the audit team's recommendations and work was underway to fully or partially implement all recommendations by the end of 2019. The Committee was also advised of broader initiatives to strengthen STIIP management and reduce the risk of STIIP misuse and errors, including investments in human resource information systems, updates to the Accountability Framework for Human Resources Management covering management accountabilities across government, and continued training.

With respect to the implementation of specific audit report recommendations, online tools and print resources were being developed to ensure that STIIP information is easy to find, access and understand. In addition, working groups with ministries were being established to explore strategies and options to optimize tracking and training for employees and supervisors. A performance framework with clear metrics to monitor, assess and investigate STIIP usage was nearing completion, and the use of technology was being explored to improve tracking and reporting. Examinations of grievance cases with case studies were being prepared with lessons learned. Finally, the completion of a review process for corporate and ministry STIIP policies, procedures and other controls was anticipated by the end of 2019 which would provide a framework for the

regular examination of policies, processes and controls to ensure that they are up to date and address the issues of the day.

Committee Inquiry

Improved Training, Information and Controls

The Committee asked about actions to strengthen the ability of supervisors to detect potential STIIP misuse. BC Public Service Agency officials outlined actions to improve training and resources for supervisors and employees to ensure common understanding of eligibility rules and policies to decrease mistakes based on a lack of information or misunderstanding. In addition, the enhanced use of technology would strengthen the tracking of trends and patterns, including systemic issues in particular organizations, which could then be addressed earlier through the updated accountability framework.

Data Trends

Committee Members inquired about STIIP usage and trends based on gender, age, culture, or Indigenous identifiers. BC Public Service Agency officials reported that STIIP tracking by gender and location are currently available and that government's Work Environment Survey provides more information on trends or issues at an organizational level. In addition, human resources committees and working groups typically reflect public service diversity.

Benefits for Short and Long-Term Illness

The Committee asked about benefits for short- and long-term illness. BC Public Service Agency officials advised that supervisors receive a system-generated notification when their employees are nearing the end of their STIIP benefit, which is up to six months at approximately 75 percent of an employee's salary. After six months, the employee may apply for long-term disability benefits. There are early notifications to supervisors to ensure that an employee transitioning from short to long-term disability continues to receive benefits during the time it takes to process a long-term disability claim.

Role of Supervisors

Committee Members queried the role of supervisors in managing STIIP usage. BC Public Service Agency officials noted the importance of the effective relationships between supervisors and employees, including remote and co-located teams. Short-term illness claims are typically managed between the supervisor and employee, and in cases where employees are away for a longer period of time, supervisors may request a medical certificate. All STIIP claims submitted by employees must be approved by supervisors using the public service online system.

An Independent Audit Report: Access to Emergency Health Services (February 2019)

The Committee reviewed the July 2019 OAG report titled, *An Independent Audit Report: Access to Emergency Services*, at its April 23, 2019 and October 16, 2019 meetings.

Summary of OAG Report

The OAG audit team explained that British Columbia Emergency Health Services (BCEHS) is responsible for the delivery, co-ordination and governance of emergency health services across the province. While BCEHS paramedics deliver a wide range of emergency health services, emergency health services are also delivered by fire department first responders, who support BCEHS by providing basic life-saving interventions for patients requiring time-critical care. The audit of BCEHS services concluded that access to ambulance and emergency health services is effectively managed in some areas; however, performance against key targets for patient and community care needs improvement. For example, BCEHS sometimes takes longer than its target times to reach patients where time matters, and access to emergency health services varies across the province, which partly reflects fewer paramedics trained to provide advanced care in rural and remote communities. The audit also found weaknesses in the coordination of access to emergency health services between BCEHS and fire department first responders and concluded that improved coordination agreements would promote more consistent application of medical standards, better information-sharing and improved patient and community care.

The audit report recommended that BCEHS review its performance management framework, identify additional indicators for timeliness and clinical quality, determine an appropriate level of pre-hospital advanced care coverage that considers patient need, and implement strategies to achieve that level. The report further suggested that BCEHS improve transparency and accountability by publicly reporting on its targets and performance. In addition, the Ministry of Health should work with BCEHS and local governments on a coordinated approach to pre-hospital care, including improved data-sharing between agencies and signed formal agreements outlining the roles and responsibilities of BCEHS and fire department first responders and how best to contribute to patient and community care.

Summary of Government Response

Ministry of Health and BCEHS officials accepted the audit findings and outlined their plan to implement the audit report recommendations. Since 2017, BCEHS has added 119 paramedic positions, more than 100 specialized paramedic positions including community paramedics. With these resources and a new clinical response model, median response times for urgent calls have decreased significantly.

Turning to the audit report recommendations, BCEHS is reviewing its performance management framework, including indicators for timeliness, clinical quality, and pre-hospital advanced care coverage. With respect to transparency and accountability, BCEHS will expand its public reporting with regular progress updates on key initiatives and performance measurement. The Ministry of Health is working with BCEHS and local authorities on ways to strengthen the coordination of emergency health services among first responders, including medical oversight, data-sharing, and collaboration agreements between BCEHS and municipal stakeholders.

Committee Inquiry

The Committee had an initial discussion of the audit report on April 23, 2019, during which Members were not able to obtain satisfactory responses to their questions from BCEHS and Ministry of Health witnesses. Committee Members concluded the April 23, 2019 discussion by asking for follow-up information on BCEHS collaboration agreements. Information provided by government was distributed to Members on May 2, 2019. The Committee agreed at its September 12, 2019 meeting to ask senior Ministry and BCEHS officials to return to the Committee for a further discussion of government's implementation of audit report recommendations, as summarized below.

Consent Agreements and Collaboration Agreements

At the October 16, 2019 meeting, Committee Members sought information on consent agreements and the new collaboration agreements. Ministry of Health and BCEHS officials explained that consent agreements were established over 20 years ago and focus on indemnification of fire first responders with the understanding that they would accept direction from paramedics at the scene. BCEHS has 276 consent agreements covering 94 percent of 294 fire first responder groups across the province. With the increasing volume and complexity of emergency services, a broader framework for collaboration was needed to ensure integrated patient and community care within a context of finite resources. Collaboration agreements were initiated three years ago to clarify responsibilities and expectations of BCEHS and local authorities, and strengthen oversight and integration across the medical system.

Ministry of Health and BCEHS officials advised that differences between communities meant that a flexible approach for the engagement of local authorities on collaboration agreements was more appropriate than a "one size fits all" method. With respect to engagement processes, connections have been made with the Union of British Columbia Municipalities and specific municipal governments, a regional administrative advisory committee, a rural first responders working group and a joint working group with BCEHS and fire chiefs have been established, and a partnership has been formed with Iridia Medical, which provides medical oversight to over 100 fire first responders. Feedback from these engagement mechanisms is being incorporated into community engagement efforts.

In response to questions from Members, officials reported that while there is no established time-frame for creating collaboration agreements across the province, agreements in urban and rural areas would serve as templates for other communities going forward.

Emergency Responses to Drug Overdoses

The Committee asked about overdose records and emergency responses to drug overdose cases. BCEHS officials confirmed that if an emergency service worker revives a person from an overdose and that individual is not transported to a hospital, whether this is in an urban or rural situation, the case is categorized in a provincial system and recorded as an overdose.

Data-Sharing Arrangements

Committee Members asked whether fire first responders and BCEHS workers have access to vital information as quickly as they should on the scene. BCEHS officials reported that increased information-sharing has been implemented and work was underway with communities such as Surrey to further expand data-sharing.

Monitoring Frequent Users of Emergency Services

Members inquired about the monitoring of frequent users of emergency services. BCEHS officials advised that they work with emergency service providers to identify such users and that community paramedics in rural and remote areas also work to eliminate unnecessary 911 calls.

Sharing of Oxygen Saturation Measurement

The Committee requested details on collaboration between fire first responders and BCEHS paramedics regarding oxygen saturation measurement information. BCEHS officials indicated that oxygen saturation measurement was a good practice for emergency situations and that information was transferred between emergency response workers.

Committee Follow-up

The Committee at its April 23, 2019 meeting requested an example of a collaboration agreement with local authorities and an outline of the community engagement process for collaboration agreements. Information provided by government was distributed to Committee Members on May 2, 2019 and posted on the Committee's website.

An Independent Audit Report: Protection of Drinking Water (July 2019)

The Committee considered the July 2019 OAG report titled, *An Independent Audit Report: The Protection of Drinking Water*, at its December 17, 2019 meeting.

Summary of OAG Report

The audit team indicated that oversight of drinking water is very complex, involving 23 pieces of legislation, and many ministries and agencies. The province has over 4,400 small drinking water systems serving approximately 480,000 British Columbians. While government has stated that the Ministry of Health is to provide leadership and coordination across ministries, there is no strategic plan to guide the direction of drinking water protection, and efforts to protect small water systems have been limited. The Provincial Health Officer also has a role to ensure the accountability of government in delivering drinking water and must provide an annual report to the Minister of Health on actions taken in the past year under the *Drinking Water Protection Act*; however, reports have been published infrequently. Overall, the audit found that accountability by the Ministry and the Provincial Health Officer with respect to the protection of drinking water is a grave concern. While the Ministry of Health is well-suited to the measurement of drinking water quality, it is not capable of providing the technical and engineering work often required to remediate water supply quality issues.

The audit report makes eight recommendations. Five are to the Ministry of Health and involve: undertaking a legislative review of responsibilities and accountabilities; providing leadership to coordinate the work of ministries; developing a drinking water strategic plan; identifying risks and recommending actions; monitoring agencies to address these risks and evaluating the Ministry's drinking water guidelines to ensure they are effective; and improved public reporting. Three recommendations are for the Provincial Health Officer and include: improving the position's oversight; monitoring progress and trends; and reporting on a timely basis.

Summary of Government Response

The Deputy Minister of Health and the Provincial Health Officer agreed with the audit findings and outlined actions to implement the audit report recommendations. The Ministry of Health is consulting other ministries on legislative gaps and aims to develop legislative proposals by the spring of 2022. The Ministry is also working with partner ministries to address health risks to drinking water sources, including clear roles, responsibilities and accountabilities. As well, the Ministry is leading the development of a strategic plan based on a strengthened drinking water data system. The Ministry is undertaking risk identification with other ministries and agencies and developing a process for reviewing, evaluating and adjusting guidelines where required through monitoring and integration into the strategic plan. In addition, the Ministry is developing a reporting framework and an annual reporting cycle with an interim report to be released in the fall of 2020.

The Provincial Health Officer is engaging stakeholders on policy and procedures for reporting drinking water situations and monitoring compliance with guidelines and directives. She is also working with the Ministry on a legislative review of drinking water provisions and is improving the monitoring of progress and trends in drinking water through a new reporting structure.

Committee Inquiry

Legislative Review

The Committee sought information on the implementation of the audit recommendation of a legislative review on drinking water. The Deputy Minister of Health stated that the legislative review would examine statutes related to drinking water, how they have evolved over time, and ambiguities and gaps in leadership provisions. The review would be informed by a review of legislation in other jurisdictions. The Provincial Health Officer indicated that a review of statutory responsibilities and authorities, including drinking water protection plans, should provide clearer and more up-to-date responsibilities regarding what implementation actions need to be taken by whom and when.

Access to Safe Drinking Water

Committee Members inquired about access to safe drinking water across the province. The Provincial Health Officer stated that British Columbians in all regions have access to good quality potable water. About 480,000 people are served by approximately 4,400 small water systems, which may not have all the resources needed to maintain safe drinking water on an ongoing basis. For example, communities such as Summerland have flooding every spring which affects their drinking water system and are on boil-water advisories for a period of time (it was noted that in the case of Summerland, the community has *voted down* the development of a filtration system for their water infrastructure).

Drinking Water Quality in Indigenous Communities

The Committee sought information on whether Indigenous communities were evenly or overrepresented among communities with small-scale water systems. The Provincial Health Officer stated that Indigenous communities as a whole are not overrepresented with respect to drinking water issues. She reported that officials work closely with the First Nations Health Authority on drinking water systems and that the vast majority of Indigenous communities in the province have very capable drinking water systems.

Gender-Based Analysis

The Committee asked whether analysis to advance gender equality would be used in assessing drinking water risks and priorities. Ministry of Health officials and the Provincial Health Officer advised that gender-based analysis and considerations related to the United Nations Declaration on the Rights of Indigenous Peoples are applied to their work in understanding how populations are affected by drinking water and ensuring safe drinking water across the province.

Drinking Water Action Plan Metrics

Following questions by Members, Ministry of Health officials confirmed that the Action Plan for the implementation of audit report recommendations contains clear metrics to ensure thorough and quick responses by government.

Drinking Water Testing

The Provincial Health Officer responded to queries from Members by indicating that a robust drinking water testing program is performed through accredited laboratories with regular reporting.

Information and Technology Reports

Master Supplier File Maintenance (January 2019)

The Committee reviewed the January 2019 OAG report titled, *Master Supplier File Maintenance*, at its April 9, 2019 meeting.

Summary of OAG Report

The OAG audit team explained that the purpose of the audit was to examine the Ministry of Finance's controls to maintain the master supplier file, which is a central database of all government suppliers, in its corporate financial system. Government relies on controls in the master supplier file to ensure accurate payment processing. The audit found: gaps in the Ministry's guidance to users who create and update the supplier records in the master supplier file; inadequacies in master supplier file controls; and non-compliance with government's records management policy for the master supplier file. The Ministry does not regularly identify or purge records that are not being used or regularly look for and remove duplicate records. For example, there were over 120 potential duplicate payments over a two-year period, and stronger controls would lessen the chance of these errors.

The report recommends: updating the *Core Policy and Procedures Manual*; conducting periodic audits of user access; updating procedures so that a unique personal or business identifier is part of all supplier records; establishing a regular file maintenance schedule; and complying with records management policies for supplier records.

Summary of Government Response

The Comptroller General stated that government accepts the audit findings and recommendations. He explained that the responsibility for the corporate financial system (the information technology that manages government's general ledger) reverted to his office four years ago. His office provides a corporate compliance monitoring mechanism aimed at strengthening the financial control framework across ministries. The Executive Director of Corporate Accounting Services outlined the scope of the corporate financial system which supports over 32, 000 users from all ministries and processes over 30 million transactions annually.

In response to the report's recommendations, Office of the Comptroller General officials outlined a number of actions. Policies will be clarified to provide clear and unambiguous direction to ministry officials responsible for adding, validating and purging supplier information, and a review process will be instituted to monitor user access to the master supplier file. The office will also reinforce the requirement to have one unique identifier included in supplier requests so that if a unique identifier is unavailable, an exception report will be raised to ensure record integrity. In addition, the regular system maintenance schedule will be enhanced with supplier specific reporting to support ongoing integrity of the master supplier file. Finally, government's Records Management Office will reassess the retention requirement for supplier records and make recommendations for changes to ensure effective government business requirements.

Committee Inquiry

Duplicate Records

Committee Members asked about the audit finding of 120 duplicate files identified over a two-year period and whether there was evidence of fraud. The audit team indicated that there was no evidence of fraud or wrongdoing in the samples, noting that the goal of the audit was not to determine the error rate or detect fraud, but rather to focus on the master supplier file processes and how well they were being maintained. Overall, the duplicate files accounted for 0.0006 percent of cases. The Comptroller General stated that there was no known loss from supplier payment errors as they believe all cases of overpayments are corrected.

Unique Identifiers for Supplier Records

The Committee questioned the use of unique personal or business identifiers for supplier records. The Comptroller General explained that unique identifiers must relate to an authoritative source of name and address so there must be engagement with ministries collecting that information. Privacy is a concern and any change to data affecting personal information must be consistent with statutory requirements. Work on unique identifiers was expected to be completed within the 2019/20 fiscal year.

2006 Audit Report Follow-up

Members inquired about the incomplete implementation of 2006 audit report recommendations on corporate reporting. The Comptroller General explained that a number of the 2006 recommendations were found to be impractical or too expensive to effectively implement. Since then, technology and business processes have changed. The Comptroller General was working with the OAG on follow-up on the 2006 recommendations to assess whether they were still relevant and achievable.

Security of Supplier Records and Personal Information

Committee Members requested information about the security of the information in the master supply file database. The Comptroller General advised that a review of user access had been undertaken in response to the audit and could not find any cases where unauthorized users had accessed the database. In response to questions about best practices for retaining data, the Comptroller General stated that records cannot be deleted, but they can be deactivated.

Detection and Response to Cybersecurity Threats on BC Hydro's Industrial Control Systems (March 2019)

The Committee reviewed the March 2019 OAG report titled, *Detection and Response to Cybersecurity Threats on B.C. Hydro's Industrial Control Systems*, at its September 12, 2019 meeting.

Summary of OAG Report

The Auditor General stated that BC Hydro provides electricity to 95 percent of the people in British Columbia and is considered "critical infrastructure" essential to the functioning of society and the economy. A successful cyberattack could result in a major power failure and cause significant disruptions to the well-being of the citizens of BC. Cybersecurity protection requires preventive measures and strong detection and rapid response capabilities.

The audit found that BC Hydro is effectively managing cybersecurity risk by detecting and responding to cybersecurity incidents on aspects of the electric power system covered by mandatory reliability standards for high voltage and power levels, but does not adequately protect components operating at lower power levels where cybersecurity incidents could cause localized outages. The audit concluded that BC Hydro needs to expand its detection efforts to include the components that fall outside the mandatory reliability standards.

The audit report recommended that BC Hydro: assess cybersecurity risk over the entire industrial control environment to ensure appropriate detection and response measures are implemented; maintain an inventory of hardware and software components, regardless of whether they fall under the mandatory utility industry reliability standards; and implement detection mechanisms and monitoring in real time for unusual activity on industrial control systems and devices not currently under mandatory industry reliability standards. The Auditor General advised that the published version of the audit report did not disclose findings that could undermine the security of BC Hydro's power system, and that the audit team had shared a detailed technical report of their findings and recommendations with BC Hydro.

Summary of BC Hydro Response

BC Hydro officials began by outlining the Crown corporation's technology landscape, emphasizing the operational technologies that interact with 330 generating, transmission, and distribution stations. They acknowledged that the audit found a well-developed cybersecurity incident program in place which enables BC Hydro to respond to such incidents. The officials noted that the corporation operates within legally required cybersecurity standards and is continually improving and adding to these protections.

BC Hydro officials noted that the audit report recommendations relate to assets which are not threatening to the reliability of the power grid, but are nevertheless important to local communities and the economy. In response to the recommendations, BC Hydro is extending its assessment of cybersecurity risks to areas not covered by mandatory reliability standards and will prepare a risk-based assessment of controls at substations to support the development of a program to align substations with the audit recommendations. This will be a multi-year effort coordinated with other cybersecurity investments. BC Hydro will also develop a plan to: prepare a complete inventory of hardware and software components not currently covered by mandatory reliability standards; and determine other real-time detection methods to implement throughout their systems.

Committee Inquiry

Power System Risks

Committee Members inquired about risks to BC Hydro's systems and whether interconnections with other jurisdictions and new technologies such as solar panels and artificial intelligence would increase those risks. BC Hydro officials noted that interconnections with other jurisdictions strengthened the province's power grid and even if power interconnections did not exist, BC Hydro would face the same risks due to information technology system interconnections. They added that with more connections, there is some increased risk to local reliability as those devices interact with the system, so there must be protocols and connection methodologies to ensure security. In addition, mandatory standards are continually expanding to address new threats. BC Hydro officials shared that they perform different tests on their systems to detect vulnerabilities and ensure proper incident response.

Budget Implications

The Committee requested details about the budget implications of implementing the audit report recommendations. BC Hydro officials explained that while some of the recommendations can be dealt with at a low cost and with few resources, others are more significant and could involve large capital projects to change infrastructure. A working plan was expected by the end of the year, and a full costing would take more time.

Data on Cybersecurity Attacks

Committee Members sought information about the nature of cyberattacks on BC Hydro, including the parties who are responsible for them. Officials from BC Hydro stated that they do not always know who is responsible for those attacks, although attacks are likely to be from individuals who are protesting specific causes, rather than from organized criminals or nation states.

Public Disclosure

The Committee asked about the process used to determine what information would be publicly released in the audit report and what would be privately shared with BC Hydro. The Auditor General noted that consultation and ongoing discussion with BC Hydro was ongoing throughout the audit, and included what information should be in the publicly released report and whether specific information should be protected for security purposes. A separate follow-up process was in place to review information which had been protected.

The B.C. Government's Internal Directory Account Management (August 2019)

The Committee reviewed the August 2019 OAG report titled, *The B.C. Government's Internal Directory Account Management*, at its November 7, 2019 meeting.

Summary of OAG Report

The Auditor General began the presentation by noting that government's internal directory account management service – known as IDIR – is the primary defence against unauthorized access to government online systems and sensitive or confidential information. IDIR works by authenticating each user's login as they access government systems, including email, based on a unique ID or identifier assigned to each government employee. The Office of the Chief Information Officer (OCIO) is responsible for administering the IDIR system, while individual ministries manage their employees' IDIR accounts. Additionally, the BC Public Service Agency is responsible for maintaining the list of current government employees. The audit team reviewed IDIR account management for five ministries and found that some IDIR accounts are more powerful than others and that the activities of these types of accounts are not always reviewed on a regular basis. The audit team also noted that the number of active IDIR accounts does not match the number of current government employees. The audit team also noted that some organizations do not follow the OCIO's standards for restricting unauthorized access.

The audit found that the OCIO has been working to identify and remove inactive IDIR accounts and recommended that these efforts be expanded. The audit report also recommended that the OCIO work with ministries to:

- apply clear roles, policies and responsibilities regarding, access rights;
- document ministry procedures;
- provide training on the creation of user accounts;
- document procedures for establishing access permissions and removing user accounts;
- review and monitor privileged IDIR account users' access; and
- expand regular account reviews to include non-expiring passwords and accounts that remain active after employees have left government.

The audit team also recommended that the OCIO work with the BC Public Service Agency to compare user accounts with the PSA's employee payroll database to make corrections.

Summary of Government Response

The Deputy Minister of Citizens' Services and the Chief Information Officer indicated that the protection of government data and networks is a top priority. The OCIO has key controls for protecting access to government information and systems from unauthorized access, including the ability to disable IDIR accounts, and works with ministries to ensure compliance with government's security standards. The audit report recommendations are expected to be fulfilled by the end of 2020. Government has already made progress on remediating the issues identified in the audit report. In addition, there will be increased information and training sessions for government staff to ensure that they are aware of policies and standards for compliance. Some processes will be automated, such as disabling employee IDIR accounts once an employee is no longer active in the employee database. In addition, multi-factor authentication features to IDIR will be introduced to improve security.

Committee Inquiry

Use and Monitoring of Non-Human Accounts

The Committee asked about non-human IDIR accounts and their susceptibility to misuse or data breaches because they often have non-expiring passwords. The audit team noted that non-human accounts were outside the scope of the audit. Ministry officials explained that non-human IDIR accounts included system-to-system electronic access, such as payroll services or printing, and that these accounts transfer information electronically and typically use encryption. The OCIO has a centralized system that logs usage by systems across government and searches for anomalies. Any issue found by the system triggers an alert for follow up by a security analyst.

Security Breaches

Committee Members sought details on the frequency and magnitude of IDIR security breaches experienced by government. Ministry officials confirmed that the government has experienced some security incidents. Cases where an employee's username and password information had been compromised could lead to "spam" attacks affecting the government network. The OCIO has systems in place to shut down the user account when a spam attack originates. Systems also exist to address compromises to personally identifiable information, which would involve a response from the ministry's privacy team and notifications to applicable parties.

Ministry Data Security

The Committee asked about the OCIO's role and responsibilities for specific ministry systems such as health information, taxation and land titles. OCIO officials confirmed that they provide policies and standards to ministries and provide follow-up support where needed. Ministry of Health officials indicated that general collaboration tools, such as email, are provided by the Ministry of Citizens' Services and the OCIO whereas more specialized software or applications for health insurance, MSP or PharmaCare are procured separately and protected through other user credentials separate from IDIR. Ministry of Health officials were exploring an authentication strategy and program for the health system since each health authority was currently responsible for their own identity access program.

Ministry Implementation Timeframes

Committee Members queried why the audit report did not specify a timeline for ministries to delete or remove unnecessary IDIR accounts. The audit team indicated that the report made specific ministries responsible for timeframes to reflect their unique circumstances rather than a more prescriptive general approach.

Regular Review and Reconciliation of Employee Accounts

Committee Members asked about discrepancies between the number of government employees and the number of active IDIR accounts. The audit team noted that some IDIR accounts were active for employees who were on leave. The Deputy Minister of Citizens' Services stated that a review was underway to authenticate all IDIR-assigned user accounts. A number of unused and active accounts had already been resolved through a clean-up process and a complete review process for all ministries would be completed by the end of 2020.

Government-wide Compliance

Committee Members expressed concern about non-compliance issues identified for the five ministries covered by the audit and inquired how government would confirm that the five ministries and other ministries had adhered to the standards and policies for compliance. The Chief Information Officer advised that a plan covering all ministries had been developed for documenting ministry roles, responsibilities and procedures, and for providing mandatory IDIR account management training, tools and follow-up to ensure compliance.

Committee Follow-up

The Committee at its November 7, 2019 meeting requested detailed action plans for each of the five ministries covered in the audit report. This information was distributed to Committee Members on December 18, 2019 and posted on the Committee's website.

Justice and Public Safety Reports

Progress Audit: Correctional Facilities and Programs (February 2019)

The Committee considered the February 2019 OAG report titled, *Progress Audit: Correctional Facilities and Programs*, at its October 16, 2019 meeting.

Summary of OAG Report

The Auditor General began by noting that the Adult Custody Division within the Ministry of Public Safety and Solicitor General is responsible for all adult offenders sentenced to jail terms of two years less a day as well as those awaiting trial, with 10 correctional centres, 1,750 staff and a budget of \$166 million in 2017/18. A 2015 audit found that the Ministry was planning for and providing facilities to deliver safe and secure custody and programs to reduce criminal behavior. The progress audit assessed work by the Ministry to implement the 2015 report recommendations.

The audit team indicated that the 2015 audit found overcapacity at correctional facilities and a lack of timely access by inmates to programs and services to reduce their risk to reoffend. The progress audit concluded that efforts to implement recommendations from the 2015 report were mixed. The progress audit found that recommendations to strengthen facility space forecasting, ensure that facility space reflects inmate populations, and assess the effectiveness of programs to reduce the risk of reoffending were fully or substantially implemented. Recommendations to develop and implement a performance management framework and assess safety and security trends were partially implemented. No action had been taken on recommendations to implement quality assurance for case management and inmate classification, identify and address barriers to offenders getting timely access to rehabilitation programs and examine the impact of housing sentenced and non-sentenced inmates together consistent with the requirements of the *Corrections Act* regulation.

Summary of Government Response

Ministry of Public Safety and Solicitor General officials reported that the Ministry had reviewed, revised and updated its policies in response to the 2015 audit recommendations and that further work had been done since the February 2019 progress audit. In addition to the recommendations which the progress audit found to be fully or substantially implemented, the Ministry was actively striving to address the remaining recommendations through planned and alternative actions.

Ministry officials advised that a new performance management framework was being implemented, safety and security analysis were being conducted, specialized units to reduce violence had been expanded, and a “no-violence” pilot program at the Surrey Pretrial Services Centre had commenced. In addition, a standardized case management plan, a quality assurance process, and quality assurance and case planning initiatives were being developed; rehabilitation programs were being evaluated every three to five years; and a review of sentenced and non-sentenced populations had confirmed that placement decisions were empirically related to risk and recidivism. A further assessment would consider whether any regulatory or policy changes were necessary.

Committee Inquiry

Progress in Implementing Audit Report Recommendations

The Committee took note of the progress audit's statement that efforts to address the 2015 audit recommendations were mixed and sought an assessment of implementation timelines and actions. The Auditor General indicated that further progress had been made since the progress audit was released in February 2019 and the Ministry had demonstrated a genuine commitment to implementing the recommendations where more work was needed. The Auditor General added that the monitoring of implementation should continue through the Committee's follow-up process.

Funding

Committee Members sought information on the adequacy of funding for corrections programs. Ministry officials advised that funding for corrections programs had increased modestly in the February 2019 budget. The Comptroller General added that some programs examined by the OAG were not easily remedied by administrative solutions, and resourcing decisions and the allocation of funds reflected government's highest priorities. Progress on implementing the audit recommendations was being accomplished in stages within approved budgets.

Corrections Staff Recruitment and Retention

The Committee asked about the Ministry's efforts to address challenges regarding the recruitment and retention of corrections staff. Ministry officials advised that over the past two years, 430 new staff had been recruited, offsetting 400 departures due to retirement and movement to higher-paying jobs. Efforts were under way to fill a remaining shortage of 230 staff across the province and a robust retention strategy was being developed. In response to further questions from Members, Ministry officials explained that the salary gap between corrections staff and their federal counterparts had widened to 30 percent below. The need for overtime due to an overall staffing shortfall was also adversely affecting work-life balance and resulting in increased burnout among staff. Formal exit strategies with departing employees and environmental scans in correctional centres were being used to support recruitment and retention planning. Follow-up information provided to the Committee for its discussion of the audit report titled, *Managing Human Resources at the B.C. Sheriff Service* (reviewed in the next section of this report), indicated that BC Corrections (Correctional Service) has an annual attrition rate of 10.71%, whereas the rates are 8.2% for the BC public service, 6.03% for the Conservation Service (Conservation Officers), 7.3% for the Sheriff Service, and 13% for the RCMP.

Mental Health and Addictions Programs

The Committee requested information on mental health and addictions programs. Ministry officials reported that approximately 60 percent of the inmate population was diagnosed with mental health and substance use issues and many more were undiagnosed. In 2017, the responsibility for providing health care, mental health and substance use services in correctional centres was assigned to the Provincial Health Services Authority. The Ministry had transferred funding for this purpose to the Ministry of Health and government had allocated supplementary resources to support this work. In the past year, community transition teams have also been established to support the provision of mental health and substance use programs in correctional facilities.

Violence Prevention in Correctional Centres

Committee Members requested details on Ministry efforts to address the audit report concern about inmate-on-inmate violence, including violence prevention initiatives. Ministry officials agreed with the importance of focused and frequent attention to preventing violence among inmates, and pointed to programs for support behavioural change, employer safety committees for monitoring incidents, and systems for providing assistance for post-traumatic stress disorder cases. Ministry officials also advised that a Violence Prevention Program had been evaluated in 2012 and that a Relationship Violence Program had been evaluated in 2009 and reformed with further enhancements planned. They indicated that a “no violence” unit at the Surrey Pretrial Services Centre had been operating on a pilot basis since January 2019, where individuals could be placed if they agreed not to commit any acts of violence. A more general look at preventing inmate-on-inmate violence was being considered; however, staffing shortages were constraining the development of relationships between corrections staff and inmates which were often key to effecting change in social behavior.

Comparison with Other Jurisdictions

In response to questions from Committee Members, Ministry officials indicated that the province was considered to be a leader in the area of corrections within Canada and abroad. A number of Canadian jurisdictions utilize the province’s cognitive behavioural programs for inmate rehabilitation, Ministry staff provide training to other provinces and territories, and provincial policies serve as the foundation for corrections policies in other countries such as Latvia and Kenya.

Managing Human Resources at the B.C. Sheriff Service (October 2019)

The Committee reviewed the October 2019 OAG report titled, *Managing Human Resources at the B.C. Sheriff Service*, at its December 17, 2019 meeting.

Summary of OAG Report

The OAG audit team described the important role played by the B.C. Sheriff Service (BCSS) who provide for the safety and security of the courts and participants in the judicial system, including courthouses, courtrooms and court entry gates. They also transport prisoners to and from courthouses, hold prisoners in courthouse cells, conduct threat and risk assessments, and execute warrants. A lack of sheriffs can delay or close courts, which may lead to cases being dismissed. The audit of BCSS human resources practices found that BCSS had not implemented effective plans and strategies to recruit, retain and train the staff it needed. The audit report recommended: enhancing business intelligence data; developing a retention strategy and overarching training plan; and monitoring the progress and effectiveness of human resources strategies.

Summary of Government Response

Ministry of Attorney General and BCSS officials accepted the audit findings and set out their planned actions to implement the audit report recommendations by 2022. They informed the Committee that BCSS business intelligence data will be enhanced to ensure completeness and reliability. As well, a planning recruitment model and updated staff planning technique will be used to develop human resource strategies with targets for recruitment, retention and training and to estimate specific staffing needs. In addition exit strategies will be re-established to inform retention efforts, a training plan for mandatory and specialized training for all staff will be developed, and a training advisory committee will review training programs for alignment with good practices. Finally, performance measurement targets for human resource operations and court safety and security will be developed, monitored, reviewed every six months, and reported publicly.

Committee Inquiry

Human Resource Plan and Staffing Requirements

Committee Members sought explanations for gaps in the staffing and the implications for court safety and security. Ministry and BCSS officials accepted the audit finding of staff under-resourcing and advised that BCSS has significantly increased the number of sheriffs over the last three years, which has also resulted in a decrease in the number of courtroom closures and delays.

Retention and Attrition Rates

The Committee asked about BCSS staff retention and attrition, the average length of service, reasons for staff departures and the types of jobs which attract staff away from the organization. Ministry and BCSS officials cited compensation, stress and burnout, and the location of work as factors. BCSS retains 92 percent of staff within the first five years of employment and 68 percent after five years. Most staff move on to jobs offering more attractive compensation, such as bylaw enforcement, transit police, RCMP and other police forces, and federal border services positions. Follow-up information provided to the Committee indicated that the Sheriff Service has an annual attrition rate of approximately 7.3%, whereas the rates are 8.2% for the BC public service, 10.71% for BC Corrections (Correctional Service), 6.03% for the Conservation Service (Conservation Officers), and 13% for the RCMP.

Training

The Committee requested information on efforts to address training gaps in the areas of payment for training, the completion of mandatory training, and training plans for individual staff. Ministry officials explained that staff do not pay for training, unless they leave the BCSS within a certain period of time, in which case they repay a percentage of training fees. In relation to the completion of training, scheduling issues and the need to keep courts open had resulted in delays in completing mandatory training for some staff. On comprehensive training plans, a training plan for all staff is a key BCSS action plan provision, and a new training committee will review all training standards and policies to ensure alignment with good practices.

Training for Re-qualifying on the Use of Firearms

Members inquired about the audit concerns regarding ongoing training for the use of firearms. Ministry officials explained that the OAG audit finding that 40 percent of staff had requalified on firearms training reflected an out-of-date policy manual and inaccuracies in the training data management system. Following updates in these areas, officials advised that 91 percent of sheriffs are currently requalified on this training within the mandated time frame.

Gender Balance

Committee Members asked whether a gender-based analysis lens was used in BCSS recruitment and retention strategies. Ministry officials stated that BC public service modules on this topic would be considered in the revision of training plans. Progress was being made in improving the representation of women: 17 percent of current staff were women, but 28 percent of the latest recruits were women. In addition, human resource strategies had been updated to encourage more women to consider becoming sheriffs through marketing and recruitment efforts and broader community outreach.

Mental Health and Addiction Issues

Committee Members inquired about training for sheriffs on mental health and addiction issues. Ministry officials explained that there are modules within the training provided to new recruits on dealing with people who have addiction, mental health, and substance abuse issues. BCSS is providing mental health-resilient education for staff in addition to creating a critical incident stress management team and is considering mental health first aid courses for staff.

Committee Follow-up

Members asked for the number of incidents related to mental health and addiction issues going back further than 2017. Members also asked how the turnover rate for sheriffs compares with rates in other law enforcement agencies. This information was distributed to Committee Members on January 30, 2020 and posted on the Committee's website.

Procurement Report

BC Liquor Distribution Branch Directly Awarded Contracts (July 2019)

The Committee reviewed the July 2019 OAG report titled, *BC Liquor Distribution Branch Directly Awarded Contracts*, at its October 16, 2019 meeting.

Summary of OAG Report

The OAG audit team noted that the BC Liquor Distribution Branch (LDB) is the wholesaler of liquor and non-medical cannabis in BC and spends \$100 million annually procuring goods, services, and construction. The LDB must comply with government's procurement policy in the *Core Policy and Procedures Manual* (CPPM). The policy provides for fair and open procurement through transparent and competitive processes to ensure the best value for money. Directly awarded contracts, instead of the usual competitive process, may only be authorized in exceptional circumstances, such as situations where it is impractical to openly compete for an opportunity. The audit team examined LDB directly awarded contracts between April 2016 and July 2018 for compliance with CPPM and found that many did not comply with CPPM. In particular, 55 percent did not clearly demonstrate that a direct award was justified, and 73 percent did not have adequate documentation. The audit report recommended: strengthened training for staff involved in procurement and contract management; legal reviews and cost-benefit analysis for non-standard contracts; and improved documentation in contract files to justify procurement decisions.

Summary of Government Response

LDB officials acknowledged deficiencies and non-compliance in their procurement processes identified by the OAG and provided the Committee with a detailed outline of actions to implement the audit report recommendations. In 2017, an independent review of LDB procurement processes was initiated. Following the review, the procurement function within the LDB was reassigned within the Corporate Strategic Services division to facilitate transformation and provide greater oversight. The LDB presented a comprehensive action plan to address and implement the recommendations, with work completed to fully implement four of the five recommendations. Procurement training for staff involved in contracting was underway. With respect to recommendations which have been fully implemented, the LDB has modified its directly awarded contracts documentation process and policies have been updated; requirements for the legal review of contracts have been updated; a cost-benefit analysis has been incorporated into the directly awarded contract template; and the template has been changed to document the steps taken to check for existing corporate supply agreements before entering into new contracts as well as any reasons for not participating in an established corporate supply agreement.

Committee Inquiry

Management and Oversight

The Committee expressed concern about serious deficiencies in the LDB's procurement management and sought assurance that contract policies and practices were being reformed to address the audit findings

and comply with CPPM requirements. LDB officials acknowledged past weaknesses in procurement practices and stated that organizational, human resource and policy changes had been initiated to address the audit findings. As a result of actions undertaken since the audit began, four of the audit report's five recommendations had been fully addressed and work was underway to implement the fifth recommendation in the coming months.

Lack of Documentation

The Committee requested details about the lack of documentation in contract files. LDB officials noted that staff turnover had resulted in a lack of experience within the procurement group. The LDB had strengthened procurement staffing, including the hiring of additional experienced staff to ensure proper documentation. In response to questions from Members, LDB officials stated that a team had reviewed each of the audited files where gaps had been identified and found no problems of financial irregularity.

Training

The Committee sought confirmation that procurement training recommended in the audit report was underway for LDB staff. LDB officials outlined plans to use BC Public Service Agency training on modules within the procurement framework and that staff had completed the two initial modules, with plans to complete a final module as soon as possible.

Impartial/Non-preferential Treatment

Members inquired as to what kind of documentation would be required to demonstrate impartial and non-preferential treatment of contractors. LDB officials provided the example of investing in computer software with annual maintenance and support agreements. In this case, the LDB would require a sole-source letter from the software manufacturer indicating that they are the only vendor who can modify code or sell their software, or the annual service associated with it. Without this documentation it could be perceived that the LDB gave preferential treatment to that vendor even though they are the only vendor able to provide this service. In response to a follow up question, LDB officials confirmed that their operating procedures include the requirement to have this type of documentation before moving forward with any direct award.

Committee Follow-up

The Committee asked the LDB to report back on the timing of the third module of the staff training. This information was distributed to Committee Members on December 12, 2019 and posted on the Committee's website.

Social Services Report

Oversight of Contracted Residential Services for Children and Youth in Care (June 2019)

The Committee reviewed the June 2019 OAG report titled, *Oversight of Contracted Residential Services for Children and Youth in Care*, at its October 16, 2019 meeting.

Summary of OAG Report

The OAG audit team indicated that a request from the Representative for Children and Youth had prompted the audit of the Ministry of Children and Family Development's provision of contracted residential care as part of its responsibility for the well-being of children and youth who are in government care. The Ministry contracts with approximately 100 residential service providers, both private and not-for-profit, for children and youth who have high or complex needs that cannot be met in the foster care system. As of March 31, 2018, there were 6,698 children and youth in care in the province, 1,148 of whom spent time in contracted residential services.

The audit found that the Ministry was not providing effective oversight of contracted residential services. There was no province-wide strategy for these services; there were gaps in matching the specific needs of individual children and youth to appropriate service providers; and the Ministry was not monitoring the quality of care that contractors provided. The audit report recommended that the Ministry: partner with service providers and Indigenous communities to create, implement and communicate a strategy for contracted residential services; clarify roles and responsibilities regarding the delivery of contracted residential services; establish a quality assurance framework; and improve its management and oversight of contracts. The audit team concluded by noting that the Ministry was aware of the challenges related to its oversight of contracted residential services and had begun to address these issues.

Summary of Government Response

The Deputy Ministry of Children and Family Development underlined the importance of ensuring that children and youth safely receive the assistance they need, including effective contracted residential services where appropriate. Improvements have been made to the oversight of contracted agencies over the past ten years, including a new approach to the screening and approval of caregivers and a new policy for investigating reports of mistreatment of children and youth placed in contracted resources. Work is underway as part of a broad improvement of supports to children and youth in care to implement all the audit report recommendations including: the creation of a strategy to build a responsive in-care network; meeting with executives from Delegated Aboriginal Agencies; improving oversight processes; and hiring a contractor to review the current state of their procurement and contract management life cycle.

Committee Inquiry

Ministry Culture Shift

The Committee sought assurance that steps would be taken to encourage a significant culture shift in the Ministry, with continued improvements in outcomes and safety of children and youth. The Deputy Minister explained that in developing their strategic framework, they have made it clear that this was a long-term project to shift the system, mindset, and culture in the Ministry. The Ministry has changed their approach in implementing changes by examining the whole system, rather than focusing on one piece at a time, and is following a process of consistent implementation and evaluation to meet the changing needs of children, youth and families.

Young Children in Contracted Residential Services

Members noted that 19 percent of children in residential services are under the age of 13 and inquired about the process of placing young children. The Deputy Minister explained that many children are in care because they have complex behavioural issues or special needs, making successful foster placement an unlikely option. The Deputy Minister also noted that it is important to reduce children's average length of stay to ensure that the Ministry is using contracted agencies for their primary purpose: focused, therapeutic stabilization services so that children could improve their outcomes over time within a family environment.

Consultation with Children and Youth

The Committee inquired about the Ministry's consultation with children and youth who spend time in contracted residential services. The Deputy Minister explained that Ministry standards require all social workers to converse with children in care on a regular basis and then update the care plan to reflect those conversations. She noted that the Ministry is also working on its quality assurance framework to ensure that someone in addition to the social worker seeks input from each child or youth.

Foster Care

Committee Members requested details about efforts to recruit foster parents. The Deputy Minister noted that challenges with foster parent recruitment are common throughout the western world. She stated that the Ministry has increased maintenance payments for foster parents and is trying to find more out-of-care placements, including placing children with relatives and friends, particularly in Indigenous communities. She also explained that the Ministry is working with the Foster Parent Association to examine the additional supports and services which foster parents require.

Committee Follow-up

Members requested further details regarding Ministry of Children & Family Development information technology processes. This information was distributed to Committee Members on January 30, 2020 and posted on the Committee's website.

