



OFFICE OF THE
Auditor General
of British Columbia

**Pulp and Paper Mill Effluent
Permit Monitoring**

**Standards of Conduct in the
Education and Health Sectors**

**Status of Public Accounts
Committee Recommendations
Relating to Prior Years'
Compliance Audits**

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table of contents

Auditor General's Comments	1
Pulp and Paper Mill Effluent Permit Monitoring	3
Standards of Conduct in the Education and Health Sectors	55
Status of Public Accounts Committee Recommendations Relating to Prior Years' Compliance Audits	91
Appendices	
A Compliance-with-Authorities Audits Completed 1991 to Date	155
B Compliance Audit Objectives and Methodology	157
C Responding to Enquiries and Comments from the Public	162
D Office of the Auditor General: 1999/2000 Reports Issued to Date	164

auditor general's comments



This report to the Legislative Assembly details the compliance-with-authorities audit work performed by my staff during the past year.

We conducted one audit, a study and also obtained updated responses from government officials on action taken, by their respective ministries, of prior years' audit recommendations. Our compliance-with-authorities audit and review dealt with two topics:

- Pulp and Paper Effluent Permit Monitoring
- Standards of Conduct in the Education and Health sectors.

In our audit of pulp and paper effluent permit monitoring, we found that the Ministry of Environment, Lands and Parks was adequately monitoring certain requirements such as ensuring timely submission of required information, ensuring permit limits had not been exceeded, and taking corrective action(s) where limits were exceeded. However, the periodic inspections, tests and observations that determine whether information being provided to the ministry by permit holders is accurate and reliable are not adequate.

Our study of the standards of conduct in the education sector revealed that universities, colleges and educational institutes have prepared standards of conduct for their boards and staff, but school districts generally have not. However, the School Act imposes many standards which school district boards and staff must follow. Finally, we found that the standards in the education sector are not as comprehensive as those currently in use in provincial government ministries.

In the health sector, the Ministry of Health has issued policies requiring the new health authorities to have standards of conduct which include, at the least, all topics covered by the standards of the provincial government. Due to the 1997 regionalization of health authorities, implementation of this policy is still in progress.

The detailed report sections that follow these topics contain recommendations for improvements which, I trust, will be considered by the officials concerned.

The final section of this report contains our follow-up of recommendations contained in prior years' compliance-with-authorities reports, which were endorsed by the Select Standing Committee on Public Accounts. This section provides a public record of the progress made to date and allows the Committee to track the number of recommendations that have been accepted and implemented. I encourage the Committee to pursue those recommendations that have been outstanding for several years with ministry representatives at Committee meetings.

The appendices at the end of the report provide a complete listing of compliance-with-authorities audits completed from 1991 to date and an outline of the audit objectives and methodology employed in conducting these audits and reviews.

I wish to acknowledge the outstanding work undertaken by my staff, and to thank them for their dedication and professionalism. I also greatly appreciate the cooperation shown to my staff by the senior officials and staff in the ministries and other government organizations where we conducted these audits and reviews.

George L. Morfitt, FCA
Auditor General

Victoria, British Columbia
November 1999



pulp and paper mill effluent permit monitoring

table of contents

Pulp and Paper Mill Effluent Permit Monitoring

Audit Report	7
Audit Scope	7
Audit Opinion	7
Summary of Findings	9
Introduction	12
Permitting pulp and paper mill effluent	13
The pulping process	16
How mill effluent is measured and evaluated	16
The ministry organization involved in monitoring	19
Audit Objective	20
Scope	21
Detailed Audit Findings	22
Mill submission of required information	23
Completeness and timeliness of the ministry review	24
Electronic data submission and analysis	25
Follow up of incomplete monitoring reports	26
Comparison of test data to permit limits	26
Mill inspections and data quality assurance	27
Mill inspections and equipment calibration	29
Mill inspections	29
Equipment calibration	30
Inspection forms and supporting files	31
Mill effluent laboratory analysis and quality assurance	32
Registration and testing of laboratories	33
Methods specification	34
Split sampling	35
Reference samples	36
Inspection of sampling procedures	39
Laboratory inspections	39

continued . . .

table of contents continued

Looking at mill records41
Frequency of ministry inspections42
Corrective action where discharges exceed permitted quality and quantity43
Corrective action43
Other Matters44
Voluntary initiatives44
Regulatory overlap45
Summary of Recommendations47
Response of the Ministry of Environment, Lands and Parks49

pulp and paper mill effluent permit monitoring

Audit Report

An assessment as to whether the monitoring and reporting requirements in waste management permits for pulp and paper mill effluent were being complied with

Audit Scope

We have made an examination to determine whether the Ministry of Environment, Lands and Parks had ensured that the monitoring and reporting requirements prescribed in the waste management permits for pulp and paper mill effluent were complied with during the 12 months ending June 30, 1998. Specifically, we set out to determine whether the ministry was:

- checking to ensure that mills were reporting the required effluent monitoring information, on time, and taking corrective action when the mills were not doing so;
- reviewing reports submitted by the mills to ensure the information indicated that the effluent parameters were within the limits prescribed in the permits;
- performing periodic inspections, tests and observations to ensure that the data being reported by the mills was accurate and reliable; and
- taking corrective action where discharges exceeded permitted quality and quantity limits.

Our audit was conducted in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

Audit Opinion

In our opinion, the Ministry of Environment, Lands and Parks was doing adequate monitoring work to ensure that the pulp and paper mill effluent permit requirements were being complied with, in all significant respects, during the 12 months ending June 30, 1998 for those requirements related to checking that the required information was being submitted on time, reviewing the information to see whether or not the

permit limits had been exceeded, and taking corrective actions where limits were exceeded. However, in our opinion, the periodic inspections, tests and observations that the ministry was performing were not adequate to provide sufficient assurance that the information being provided to the ministry by permit holders was accurate and reliable.



summary of findings

Pulp and paper mill effluent discharge permits require the permittees to have a monitoring program and to report the results to the Ministry of Environment, Lands and Parks. The ministry monitors the reported information to ensure that it can be relied upon. Our audit testing indicated that generally the mills submitted the required information and ministry staff checked it for completeness, timeliness and whether or not the effluent parameters were within the limits set in the permits. However, we believe that the ministry needs to provide its staff with better guidance as to the extent of checking to be performed and documented during their data reviews and mill inspections.

Significant reliance is placed on the data reported by the permit holders to assess permit compliance. However, the scope of ministry inspections of pulp and paper mills, and its oversight of permittees that collect samples and laboratories that analyze them, are inadequate to ensure that the information reported by the mills is accurate and reliable. These findings should not be interpreted as meaning pulp and paper mills are, or are not, complying with the requirements of their permits, but rather that the ministry's work was not adequate to provide assurance in this regard.

Non-compliance instances with permit requirements, when these occurred, were usually dealt with by way of disclosure in the ministry's public Environmental Protection NonCompliance Report, with warning letters issued by the ministry, or were not pursued at all, based on the professional judgments of regional staff. Head office reviews of the consistency of regional professional judgements could provide benefits to this process.

We generally found that the ministry performed some monitoring activities very thoroughly and consistently, but other monitoring activities were either done inconsistently between the regions, were not done, or were done but were not adequately documented.

None of the ministry's individual monitoring activities can, by themselves, provide full assurance that the mills are complying with the permits. Such assurance requires a combination of activities, performed at different frequencies.

The observations we report in the Detailed Audit Findings sections relate to the adequacy of individual monitoring activities based on the assumption that if a monitoring activity is being performed, it should be done at a consistent level in all regions of the province. We recognize, however, that many monitoring activities provide overlapping assurances—some test aspects of compliance with the permits in different ways. When weaknesses result from one monitoring activity, they may be compensated for by results obtained in other monitoring activities.

In more specific terms, we found and concluded that :

- pulp and paper mills were submitting reports that met the ministry's permit testing and reporting requirements;
- data submitted by mills was being checked by the ministry for completeness on a timely basis, although this work was not well documented;
- the ministry was reviewing effluent data submitted by the mills to ensure that it indicated whether the measured parameters were within the limits set in the permit, although this checking was not documented by some regional offices;
- ministry staff in all regions had carried out mill inspections, but we noted that these were generally visual inspections and walk-throughs of the effluent treatment and laboratory facilities, rather than more focussed, documented, and comprehensive quality assurance reviews;
- the ministry's inspections of mills were visual in nature and were adequately in line with existing ministry guidance. In saying this, however, we had to rely on verbal descriptions of the ministry work. While respecting the professional judgement of ministry staff, we believe that there would be benefit in having a more specific set of ministry procedures for pulp mill inspections;
- the ministry reviews mill equipment calibration records, but we also believe that the ministry should periodically check the reliability of the calibration equipment itself;
- the mill inspection form provides only for general conclusions on compliance, whereas we believe that separate conclusions on the results of the visual inspections, discussions, calibration work and agreement of data submitted by the mills to supporting mill records would be more meaningful and relevant;

- most mill laboratories were analysing effluent for more parameters than those registered with the ministry, and so are not complying with the Environmental Data Quality Assurance Regulation;
- ministry manuals clearly communicate what is expected of the mill laboratories involved in the analysis of effluent parameters;
- ministry staff at five regions performed some independent sample testing of from one to almost all of the monitored mill effluent parameters; however, there did not seem to be a good reason for this inconsistency;
- in only two regions did ministry staff use the split sample technique, and the results for both indicated that the analyses of the mill and ministry portions of the split sample were comparable and within permit limits;
- all of the pulp and paper mills included in our audit sample had participated in reference sample testing, in which a sample of known parameters is analyzed by mill or contracted laboratories. The results suggested that the performance of mill laboratories needs to be improved, although currently there are no consequences if mill laboratories fail these tests;
- ministry staff of two regions informed us that they reviewed sampling procedures during their inspection visits to mills, but since ministry documentation did not show the extent of what they did, we were unable to conclude if the range and extent of the sampling work was adequate to provide the ministry with assurance that sampling procedures were appropriate;
- the ministry does not require routine inspections of mill laboratories and, not surprisingly, we found that none were being conducted; and
- ministry inspectors do not trace sampling results or mill data reports to supporting documentation during mill inspections, which we believe would be a useful quality assurance procedure.



introduction

In 1997, Canada ranked second in the world in terms of total wood pulp production. The Canadian pulp industry exported 10.1 million tonnes that year. These shipments alone accounted for about 4 percent of Canada's total merchandise exports.

The pulp and paper industry is also one of the major contributors to the British Columbia economy. In 1997, it produced more than 7 million tonnes of pulp, paper and paperboard, it exported more than \$5 billion worth of products (accounting for 19% of the province's commodity exports), and it employed more than 10,000 people. Paper manufactured in British Columbia includes the following:

- printing paper, used in catalogues, books and magazines;
- writing paper, used for photocopying, computer printing and other office purposes;
- kraft paper, used for products such as grocery bags and envelopes;
- paperboard, used to make boxboard and containerboard; and
- newsprint, used to print daily and weekly newspapers, inserts, flyers, and directories.

Up until the 1950s, there was little government environmental regulation of pulp and paper mill operations in the province. Mills freely discharged thousands of litres of effluent into rivers and coastal waters with adverse effects on the environment. Then, in the late 1960s the provincial government introduced a site-specific permits system to start controlling industrial waste discharge. This permit system continues today under the authority of the Waste Management Act, and is administered by the Ministry of Environment, Lands and Parks.

Under the waste management system, a separate permit is required for discharges into each environmental medium—air, land and water - and for storage of special waste. Therefore, a company may require up to four waste permits for a single site. There are now about 3,300 active waste management permits in British Columbia. Of these, about 1000 are effluent permits for the discharge of liquid waste directly into rivers or the coastal waters. Of these effluent discharge permits, 23 are issued to pulp and paper mills. While this is not a large number of permits, these 23 permits account for about 50% of all the authorized effluent discharge loading in the province.

Permitting pulp and paper mill effluent

A typical pulp and paper mill discharges from 25,000 to over 100,000 litres of wastewater for each air-dried tonne of pulp produced. There are 27 pulp and pulp and paper mills (pulp mills) in British Columbia. Of these, 16 are pulp mills, nine are pulp and paper mills and two are paper mills. Twenty-three of these mills discharge liquid waste directly into British Columbia rivers and the coastal environment under regulatory discharge permits granted by the Ministry of Environment, Lands and Parks. One mill uses state-of-the-art liquid effluent-free technology. Two other mills discharge their liquid effluent into the Greater Vancouver Regional District sewer system, rather than directly into the environment. Two mills in Prince George discharge under one permit. Thus, from a pollution discharge regulation perspective, there are 23 mills that require waste management permits monitored by the ministry.

In accordance with the Waste Management Act, a business that plans to discharge waste directly into the environment must first be granted a permit from the Ministry of Environment, Lands and Parks. The ministry examines the processes of the business to identify the types and concentrations of discharges to be produced. It then issues a permit specifying what types of discharges are allowed and in what amounts.

Every permit sets limits for most of the parameters that are being monitored. These limits take into account the specific local environment in which the mill is located and its sensitivity to the types of effluent being discharged.

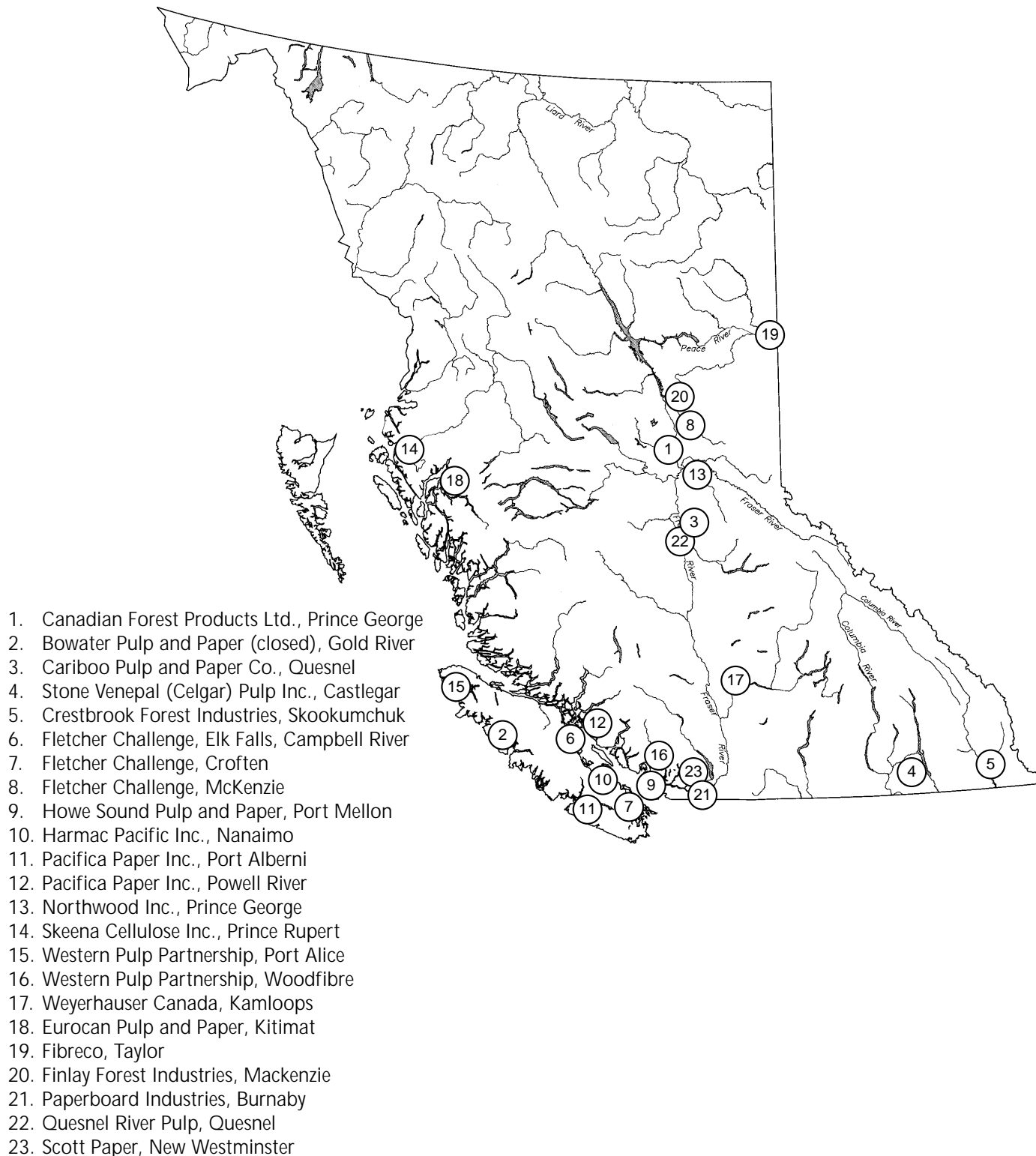
Pulp and paper mill permits require permit holders to carry out a monitoring program to verify their compliance with the terms of the permit. This program involves sampling and analysing the effluent parameters and reporting the results to the ministry on a specific timetable.

Each permit specifies:

- where samples are to be taken (generally, at the end of a discharge pipe) and how often;
- what type of sample is to be taken - either a composite sample (a combination of individual samples obtained at intervals over a period of time and mixed together) or a grab sample (an individual sample);
- which types of pollutants require which types of sampling; and
- procedures for quality controls that the mill must implement to ensure that a specified level of accuracy is achieved and documented (these controls might include, for example, requirements for calibrating instruments or for handling

Exhibit 1.1

Map showing locations of pulp and paper mills in British Columbia with effluent discharge permits



Source: Ministry of Environment, Lands and Parks

samples in the laboratory according to procedures or criteria described in Ministry of Environment, Lands and Parks manuals, or to a suitable alternative authorized by a Regional Waste Manager).

Exhibit 1.2 shows the sampling and reporting program from a typical permit.

Exhibit 1.2

Sampling and Reporting Program from a Typical Permit

Parameter (Unless otherwise specified, the units are mg/L.)	Effluent Sampling Types and Frequencies			
	1.1	1.2	1.3	1.4
Analyses Obtain samples and analyses of the samples as follow:				
pH (pH units)	CONT	CONT	–	CONT
Temperature (oC)	CONT	CONT	CONT	CONT
Dissolved oxygen	G(5/W)	–	–	–
Toxicity				
(Rainbow trout 96HRLC50)	G(M)	–	–	–
(Rainbow trout 96HRLC20)	–	G(M)	G(M)	G(M)
(Daphnia magna 48HRLC50)	G(W)	G(W)	G(W)	G(W)
TSS	C(D)	C(D)	C(D)	C(D)
BOD5	C(3/W)	C(3/W)	C(3/W)	C(3/W)
AOX	C(W)	–	–	–
2,3,7,8-TCDD(ppq)	C(M)	–	–	–
2,3,7,8-TCDF(ppq)	C(M)	–	–	–
Conductivity (uS/cm)	CONT	CONT	–	CONT
Oil and grease	–	C(Q)*	C(Q)*	C(Q)*
Residual chlorine	–	G(W)*	–	G(W)*
Ammonia nitrogen	C(W)*	–	–	–
Resin acids	C(W)*	–	–	–
CONT = continuous monitoring G = grab sample C = 24 hour composite sample (as described in B.C. Reg. 470/90) D = daily when a effluent is being discharged W = once per week 3/W = three times per week 5/W = five times per week M = once per month Q = once per calendar quarter *The Regional Waste Manager may change these monitoring frequencies				
Toxicity Monitoring				
For the discharge described in subsection 1.1 above, rainbow trout toxicity testing shall be increased from once per month to once per week if a sample of effluent fails the rainbow trout toxicity test. Samples shall continue to be collected and tested on one day each week until they pass three consecutive tests, at which time testing can revert to once per month.				

The pulping process

Producing pulp to make paper products from wood involves separating the papermaking fibres from wood. The process can be mechanical, thermal (heat), chemical, or a combination of all three. The kraft process, a commonly used process in BC, debarks the logs, chips them and heats the chips in a strong broth of chemicals to separate the fibres from the binding agents in wood (lignin) and produces a very high quality fibre. The product is screened and the chemicals washed out and recovered. The resulting pulp is frequently bleached to increase the brightness of the finished paper product. The pulp is dried and sent to a paper mill on-site or sold as bales for papermaking elsewhere.

These steps produce substantial amounts of liquid and other waste (Exhibit 1.3). Most pulp mill facilities employ recovery technologies to reuse most of the process chemicals. However, these technologies are unable to recycle all wastes, a portion of which is therefore discharged into the environment after on-site wastewater treatment.

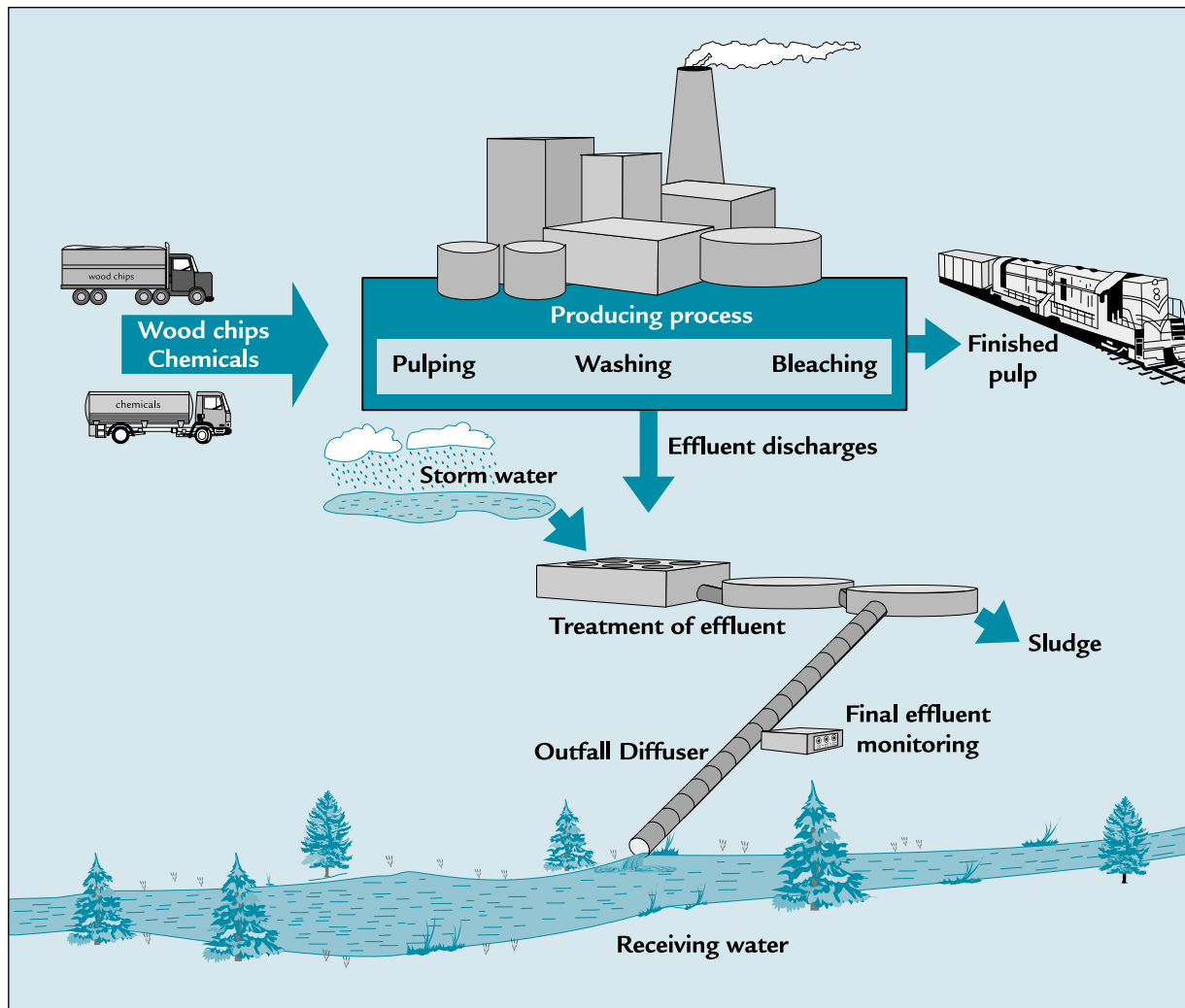
The liquid effluents contain thousands of organic and inorganic substances, in soluble and insoluble forms. In the wastewater treatment facility, dissolved organic compounds are significantly reduced through biological treatment processes. Controlled populations of bacteria are used to break down some of the more complex chemicals into simpler and less harmful compounds and elements. In addition, the bacteria use some parts of the effluent as food and, as they digest it, the population of bacteria grows. The mills try to maintain and control this population, as it can be expensive to replace it or build it up to proper levels if it gets out of balance. The solid materials in the waste stream are separated out and removed as sludge, which must then receive proper handling and disposal as solid waste. Even after wastewater treatment, the remaining liquid effluent can still contain a wide variety of undesirable contaminant substances.

How mill effluent is measured and evaluated

To regulate and monitor their liquid effluent, pulp mills measure certain key parameters of the effluent. These key parameters are a combination of chemical content and traits that may have a potentially negative impact on the receiving environment. One example is biochemical oxygen demand (BOD), or the degree to which the effluent results in oxygen being absorbed from the water. If too much oxygen is absorbed, there is an adverse effect on the fish and aquatic

Exhibit 1.3

Overview of the pulping process



Source: Compiled by the Office of the Auditor General

plants. Another example is total suspended solid (TSS) which is the measure of total suspended solids that the effluent adds to the water. Too much in the way of suspended solids can also adversely affect fish and the growth and survival of aquatic plants.

Currently, a number of key parameters are commonly incorporated in pulp mill effluent permits. They include the maximum allowable rate of discharge, 5-day biochemical oxygen demand (BOD5), total suspended solids (TSS), halogenated organic compounds (AOX) and toxicity (96 h LC50 toxicity).

Exhibit 1.4 provides more detail about how these key parameters affect the receiving environment.

Exhibit 1.4

Effluents

Currently liquid wastes from pulp mills in British Columbia are passed through some form of wastewater treatment facility before being discharged to the environment. This is important, because for each air dried tonne (Adt) of pulp produced, a typical mill discharges 25,000 to over 100,000 litres of wastewater. These liquid effluents contain literally thousands of organic and inorganic substances, either in soluble or insoluble forms. Most of these compounds cannot be easily identified or measured. In the wastewater treatment facility, some portion of the solid materials in the waste stream is separated out and removed as sludge, which must then receive proper handling and disposal. In addition, dissolved organic compounds are significantly reduced using biological treatment processes.

Finally, even after wastewater treatment, the remaining liquid effluent can still contain a wide variety of undesirable contaminant substances. These contaminants can be described by two main groups: chlorinated organics and traditionally regulated parameters (e.g. BOD, TSS, toxicity). Chlorinated organics can be further subdivided into two groups; those that are measured as part of AOX, and those that are not. AOX is a laboratory measurement of the quantity of halogenated organic compounds that can be absorbed by activated carbon. Note that both dioxins and furans are part of the group of chlorinated organic compounds measured as AOX. A member of the dioxin family, 2,3,7,8-tetrachlorodibenzo-para-dioxin (hereafter simply called TCDD) is believed by many scientists to be the most toxic of all synthetic chemicals. Long-term exposures to TCDD in mammals have resulted in immune system damage, liver dysfunction, impaired reproduction, birth defects and cancer.

In addition to these contaminants, effluent from pulp mills may contain residual organic solids and compounds that act as nutrients. When pulp mill effluents are released to the environment, they can affect many parts of an aquatic ecosystem. For example, some discharged organic solids (e.g. cellulose fibres, wood fragments) do not degrade very rapidly, and can form fibre mats that smother bottom-dwelling communities and reduce fish habitat. Suspended solids can irritate fish gills and restrict the penetration of sunlight. Reduced light penetration can affect growth and activity of aquatic life forms.

Organic solids in the effluent are partly consumed by bacteria. Both bacterial breakdown and oxidation of some discharged chemicals use up dissolved oxygen in the receiving waters. This demand for oxygen is called the biochemical oxygen demand (BOD) of the effluent. Dissolved oxygen is essential to most aquatic life, so the greater the BOD, the greater the potential negative impact on aquatic life. Oxygen-depleted waters can not support most fish or vegetation.

The discharge of toxic compounds from the kraft pulping process is of great concern, and is the focus of intensive research. Many of the chlorinated organic compounds can persist and accumulate in aquatic ecosystems, with potentially detrimental impacts on biota.

The amount of chlorinated organic compounds in a sample can be measured in two basic ways. One procedure provides for each sample a single measurement indicating the total quantity of chlorinated organic compounds in an entire, large family of such substances known as AOX. The other method directly measures the amount of specific, individually-named chlorinated organic compounds. The individually-named compounds which are currently regulated are members of the AOX family of chlorinated organics. Pulp mill effluents probably contain well over 300 different individual chlorinated organic compounds. Consequently, the province of British Columbia chose to emphasize measurements of, and regulations pertaining to, the entire AOX family

... continued

continued . . .

of chlorinated organic compounds. The federal government chose to measure and regulate two individually-named chlorinated compounds—one specific dioxin and one specific furan. In any case, the same basic changes to the industrial process are required to reduce both AOX and dioxin and furan levels.

Toxicity is a measure of how acutely harmful a pulp mill effluent could be to aquatic life. Specifically, toxicity values, called 96h-LC50 by toxicologists, are determined in a laboratory test. In this test, several rainbow trout, a fish sensitive to pulp mill effluent, are exposed for 96 hours to mill effluent. The mill effluent may be full strength, or it may be diluted with clean water. When 50% or more of the fish survive for 96 hours, that concentration of effluent is considered to be non-acutely toxic. Ideally, 50% or more of the fish would survive in full strength, undiluted effluent. This condition would be represented by toxicologists as a 96h-LC50 value of 100% effluent.

Source: Ministry of Environment, Lands and Parks publication entitled 'B. C.'s Pulp Mills: Effluent Status Report'

The ministry organization involved in monitoring

The Pollution Prevention program of the Ministry of Environment, Lands and Parks issues permits related to the discharge of wastes under the Waste Management Act. Pollution Prevention program staff of the ministry's Regional Operations department and staff of the Environment and Resources Management department in Victoria jointly administer the waste permits using two related computerized systems:

- One is the WASTE system that keeps track of discharge limits and tracks the administration activities of the regional staff responsible. Information kept for these purposes includes types of pollutants, the permitted discharge limits, testing requirements and reporting requirements.
- The other is the Environmental Monitoring System (EMS). This is a data depository for storing environmental laboratory results collected from ministry sources and permittees.

In addition, the ministry's Laboratory Management Systems Section conducts a quality assurance program on laboratories, including those responsible for analyzing pulp effluent for the purpose of providing test results to the mills and the ministry.



audit objective

Our objective in this audit was to assess whether the Ministry of Environment, Lands and Parks had ensured that the monitoring and reporting requirements prescribed in the waste management permits for pulp and paper mill effluent were complied with during the 12 months ending June 30, 1998.

Specifically, we set out to determine whether the ministry was monitoring the permit holders by:

- reviewing the test results information submitted by permit holders to ensure that permit requirements for testing the quantity and quality (concentration) of pollutants were being carried out and the results reported to the ministry on a timely basis;
- taking corrective action where the testing and reporting requirements of the permit were not being carried out;
- comparing permit holder test levels of discharge quantity and quality to the permit limits to ensure that the limits were not being exceeded;
- carrying out periodic inspections, testing and observation of mills to ensure the data reports submitted could be relied on; and
- taking corrective action where discharges exceeded permitted quality and quantity.



scope

As indicated earlier, there are 23 operating pulp mill permits in the province. We selected 13 of these for our audit. We reviewed monitoring data reports submitted by permit holders, inspection reports prepared by ministry officials and other documentation on file at ministry regional offices for the period July 1, 1997 to June 30, 1998. For current information on ministry policies and programs, we interviewed officials at the Victoria headquarters and the seven regional offices throughout the province.

The findings and conclusions included in this report are based on evidence available up to December 31, 1998. In preparing the report, we discussed our findings and conclusions with the Ministry of Environment, Lands and Parks.

Our audit was aimed at assessing the ministry's monitoring programs as required by permits. We did not assess the appropriateness of the discharge limits or the monitoring programs specified in the permits, nor did we assess the prescribed effluent sampling and laboratory methods used for analyses. We also did not evaluate the detailed actions and handling of one-time spills or accidents, as we were concerned in this audit with the ministry's ongoing program of pulp and paper mill effluent permit monitoring.



detailed audit findings

Pulp and paper mill effluent discharges have significant potential effects on the environment. The ministry needs to review mill data to see if it indicates that the mills are in compliance with permit requirements. It also needs to gather periodic and objective evidence to ensure that the underlying activities that support the mill data are being carried out appropriately. Taken together these activities provide assurance that the requirements of the effluent discharge permits are being complied with by the pulp mills.

The pulp and paper and effluent treatment and monitoring processes involve many steps and controls to ensure not only that the processes are working properly but also that the data produced is reliable and accurate. The ministry's monitoring process draws evidence from a variety of these sources, per Exhibit 1.5.

Ministry staff at regional offices and at Victoria headquarters undertake a number of procedures to ascertain the reliability of data submitted by the pulp mills. The procedures include:

- reviews of data submitted by the pulp mills to ensure that all required data is received and that its readings are within the permit limits;
- inspections of mills, including visual reviews of mill sites, discussions with mill employees responsible for effluent treatment, checking calibration of mill equipment used in taking readings or pulling samples;
- maintaining a registry which identifies laboratories competent to test the various types of pulp mill effluent parameters;
- providing methods specifications to mill laboratories so that they know what procedures and documentation are expected by the ministry;
- evaluating laboratory performance to determine whether mill labs have appropriate quality control and assurance processes to ensure accurate chemical analysis; and
- conducting independent effluent split sampling to independently gather evidence on effluent parameters.

None of these monitoring procedures can, by themselves, provide all the assurance the ministry needs to tell whether the pulp mills are complying with their permits. Rather, ministry assurance requires a combination of procedures, performed at different frequencies. It was this whole range of procedures and activities that we focused our audit on.

Permit holders are required to submit data reports within 30 days of the end of the month. Since the 1996 implementation of an automated Environmental Monitoring System by the ministry, mill reports are to be submitted in electronic format. However, as the system was still not fully operational in 1998, most permit holders were making both hard copy and electronic submissions to the ministry.

The ministry, as part of its monitoring activities, needs to ensure that it is receiving, within the time limit specified, all the information that the permits require the mills to send in. The ministry also needs to check whether the mill data indicates that the effluent parameters and volume are within the limits established in the permits.

Completeness and timeliness of the ministry review

We examined the nature of the ministry's review of the effluent data submitted by the 13 mills included in our audit sample to see if the ministry was ensuring that it received, on a timely basis, the data required pursuant to their mill permits. We also looked at the mill data and compared it to the permit requirements.

Mills for the 13 permits we selected for audit operated their own in-house laboratories to perform many of the required analyses. For example, all the required TSS and pH analyses were done by the mills in-house, as were 92% of the analysed BOD and 40% of the analysed AOX. On the other hand, all fish toxicity analyses were performed by external laboratories. The results of all these laboratory analyses are provided to the ministry.

In general, we found that mills submitted reports containing the required effluent analysis information on time. Ministry staff at each region manually review these data reports, and evidence their reviews in a variety of ways, from using formal checklists to simply initialing or making notes on the data reports.

Where the ministry reviews were dated, or there was correspondence with a mill, we could readily determine that the data reports were generally reviewed on a timely basis. We encountered one region, however, where the ministry reviews were only being done approximately every six months. Ministry staff in that region told us that the mills' permit holder summary reports were scanned upon receipt so that any problems indicated thereon would be noted by the ministry on a timely basis.

However, there was often not enough documentation for us to conclude as to whether the regional reviews of data were complete. The data submitted by mills was usually concise and in a standard format, and ministry inspectors familiar with the mills informed us that they could easily tell if the data included everything that was required by the permit. In addition, our review of data submitted by mills indicated that the reports were complete and included the main effluent sampling and analysis requirements prescribed by the permits.

We concluded therefore, that data was being checked by the ministry for completeness, on a timely basis, although the documentation of this ministry work was often not adequate.

We recommend that ministry reviews of pulp mill effluent permit data be documented to indicate the dates and extent of the reviews.

Electronic data submission and analysis

As noted earlier, the ministry employs two computer systems to help administer pulp mill permits. An “EMS” system is used for storing laboratory test results submitted by the mill permit holders; and a “WASTE” system is used for administering and controlling the permits by means of its data on types of pollutants, the permitted discharge limits, testing requirements and reporting requirements. According to ministry staff, the intention is to have the two systems interconnect, once they are fully operational. By doing so, the data validating process can be automated by matching the actual effluent data in the EMS system against the permit limits in the WASTE system.

However, according to the ministry, the EMS system will not be available for practical on-line use for the foreseeable future because of system development delays and resource constraints, both in the regions and at head office. Electronic submission of pulp mill data could serve several purposes. Such data could be automatically reviewed through built-in edit checks that compare the data to permit limits. The data could also be used for province-wide analyses to identify the degree of fluctuation for each permitted parameter. This, in turn, could be used to develop and support the standards used for evaluating pulp mill effluent data across the province. We noted that some regional staff were already using electronic data to provide graphic charts for trend monitoring.

We recommend that the ministry complete the development and implementation of its EMS system as soon as practicable.

Follow up of incomplete monitoring reports

In general, the mills that submitted reports met the permit testing and reporting requirements. We noted only a few instances where certain required measurements were not submitted, and the ministry's procedures had not discovered the omissions. However, in these cases, the data pertained to effluent parameters being supplied for information purposes only and were not directly related to the main effluent flows.

In some isolated cases, where the required data was not submitted, the ministry informed us that the data related to old processes that no longer exist, and so there was nothing for the mills to submit. Ministry staff advised us that these permits need to be amended to delete these requirements.

We recommend that pulp mill permits be amended to remove requirements for the testing and submission of data for mill processes that are no longer in use.

Comparison of test data to permit limits

Permits require that mill effluent discharges not exceed certain limits for the quantity and concentrations of certain effluent parameters reflecting the mills' technology and regulatory objectives. The limits on effluent parameters include the regulated parameters: five-day biochemical oxygen demand (BOD5), total suspended solids (TSS), halogenated organic compounds (AOX), toxicity (96h LC50 fish bioassay) and others, such as maximum allowable rate of discharge, conductivity and pH (scale of hydrogen ion concentration).

Some permits require the mill to notify the ministry immediately whenever a toxicity test has been failed. In addition, we were informed by ministry staff that regional offices have an informal understanding with all mills that it will be informed immediately upon a mill discovering that a permit limit has been exceeded.

We assessed the ministry's review work on the effluent discharge data submitted by the 13 mills in our audit sample to see if the ministry was ensuring that the data indicated whether the measured parameters were within the limits set out in the permit. We concluded that the ministry was performing these data checks, although not all ministry regional offices had documented this checking to clearly indicate that it had been done. Through discussions with ministry staff and by looking at correspondence between the pulp mills and the ministry, we satisfied ourselves that the ministry checking was being done. In addition, we saw

ministry notes and correspondence that indicated that ministry staff were aware of instances where permitted limits were exceeded.

We recommend that ministry comparisons of pulp mill data to permit limits be documented to indicate the date and extent of the reviews.

As well as reviewing the ministry's work, we also compared the mill data held by the ministry to the limits in the permits. We then compared a sample of the reported instances in which the discharge limit had been exceeded to correspondence between the ministry and the mills, to see if the ministry had identified and followed up on the matters with the mills. We also looked to see if the mills had reported the matters to the ministry as soon as possible, as they had agreed to do. We found that in all cases the ministry had been made aware of the incidents and had followed up.

Mill inspections and data quality assurance

The mill inspection and quality assurance work of the ministry is exceptionally important for ensuring that the quality of the data received is accurate and can be relied upon.

In previous sections of this report, we discussed the ministry's office reviews of data submitted by the pulp mills. It is a necessary aspect of monitoring that the ministry receive this information from the mills and use it to help evaluate compliance with the permits. However, the data provided by the pulp mills is just quantitative information taken on good faith from the mills. Any conclusions that the ministry draws from its review of this data are based on the assumption that the data accurately reflects the parameters of the actual effluent being released into the environment. Yet, for many reasons the submitted data may not be accurate. For example, measuring equipment may be improperly calibrated, laboratory testing procedures may not be carried out correctly, data may be copied incorrectly from supporting manual records, or there could be errors in the procedures used to obtain samples for data compilation purposes.

A recent United States study of industrial pollution monitoring in nine states concluded that self-monitoring alone is insufficient to serve as the basis for compliance assurance.

Given the significance of pulp and paper mill effluent discharges and their significant potential effects on the environment, we believe the ministry needs to gather periodic and objective evidence to ensure that the activities used to provide mill data are being carried out appropriately. Only in

this way will the ministry be able to determine whether the requirements of permits are being complied with by the pulp mills. The ministry can achieve this by performing mill inspections and related quality assurance work.

This work has to cover all the parameters of mill effluent that is regulated by the requirements of the permit. Different methods of data collection are used for different parameters. For example, some parameters such as conductivity and volume of flow rely on machine readings. Other parameters such as BOD, TSS, AOX and toxicity rely on laboratory analysis or tests to provide accurate information. Testing for pH can involve either equipment or laboratory analysis. These different methods require different monitoring procedures to be conducted by the ministry to gain assurance about their accuracy.

The ministry obtains its assurance about the accuracy of the mill data by doing a combination of mill inspections and office work. In their mill inspections, ministry staff rely on observations, discussions with mill staff and checks on equipment calibration. The ministry also takes samples of effluent and has them independently analyzed. In their office work, ministry staff specify standards for mill and contracted laboratories to follow, administer reference sample tests, and register laboratories to test different characteristics of the effluent.

The ministry, however, provides little to its regional inspection staff in the way of policies or guidance setting out expected work or the frequency with which the various types of assurance should be obtained. Decisions about the nature, extent and frequency of work to be conducted in the mill inspections are left largely to the discretion of regional staff. With 23 mills being monitored by seven ministry regional offices, this could lead to inconsistent approaches and amounts of monitoring. A result is considerable risk of inadequate work being performed in at least some of the areas in which assurance should be obtained about pulp mill effluent permit compliance.

A related problem that we noted was a lack of guidance for regional ministry staff about what to do if there were unsatisfactory results obtained through the ministry's central monitoring programs (as discussed later in this report). Unsatisfactory results may be an indication that more work should be done in other areas of monitoring.

We recognize the value of this work being based to a certain degree on the judgement, experience and technical resources of the ministry's monitoring staff. However, there is also a need to ensure consistency and a minimum extent

of ministry procedures being performed in most, if not all, inspections. Having minimum prescribed standards would not preclude the performance of other appropriate inspection procedures.

We recommend that the ministry provide its pulp mill monitoring staff with clear guidance as to its minimum inspection requirements, along with a plan outlining how its various monitoring activities work together to provide assurance that mill monitoring data is accurate and reliable.

For example, the ministry might issue guidance with some of the following expectations:

- reviews of reported mill data should occur monthly;
- field inspections involving visual observations, discussions with mill staff, equipment calibration, and agreement of reported effluent data to mill records should occur twice a year;
- sampling for independent analysis of all effluent parameters should occur once a year;
- registration and certification of mill and contracted laboratories should occur annually;
- thorough reviews of quality assurance and control processes within laboratories should occur every three to five years; and
- where the results of monitoring work is noted to be less than satisfactory, additional work should be considered and undertaken.

Mill inspections and equipment calibration

We examined our audit sample of 13 pulp mill permit files from all seven ministry regions to determine the frequency and content of inspections carried out by ministry staff during the 12 months to June 1998.

Mill inspections

Although we found that ministry staff in all regions had carried out mill inspections, we also noted that these were generally visual inspections and walk-throughs of the effluent treatment and laboratory facilities. The ministry inspection forms require that only problems be documented. It was not clear from the forms and related documentation that we examined, what the scope of the inspections had been. A high degree of professional judgment and experience is obviously involved, and is reflected in the varying degree of detail documented in the inspection forms and ministry files.

We also discussed the scope of inspections with ministry staff who do the work. The visual inspections they described indicated to us that their reviews were comprehensive and included observing treatment facilities as well as monitoring equipment readings, calibration records, effluent outfalls, and the general condition of the mills.

We visited four pulp mills with ministry inspection staff. We observed that the ministry staff were very familiar with the location of pertinent functional and monitoring procedures that were being carried out at the mills. The visual inspections described and shown to us during the mill visits appeared to be appropriate.

We were informed by regional ministry staff that, in addition to the documented mill inspections, they also made other visits to permit sites from time to time. These visits generally dealt with specific issues of concern. As well, annual meetings were held with permit holder management, to review pulp mill permit operations. We did not look further into these, but recognize that such visits and meetings are a valuable way for ministry staff to maintain and enhance their familiarity with pulp mill operations.

Generally, we concluded that the ministry's visual inspection work in these areas was adequate and in line with the general nature of ministry guidance. However, we say this with some reservation as we had to rely to some extent on verbal descriptions of ministry work done. While we respect the professional judgement of ministry staff, we do not believe that this should preclude clear documentation of procedures performed during pulp mill inspections.

We recommend that the ministry clearly document the scope of work it performs during each pulp mill inspection.

Equipment calibration

The monitoring of certain types of mill effluent parameters relies on measurements being taken by mill monitoring and laboratory equipment. For example, measuring the volume of effluent going through an outfall, the pH and conductivity of the effluent, and the weight of total suspended solids in the effluent all depend on the equipment measuring them to be accurate. The readings are only meaningful if the equipment is properly maintained and calibrated for taking the particular type of measurement. All mills have a program for testing the accuracy of this equipment and making sure that it is calibrated properly.

Ministry inspectors need some type of assurance that the pulp mills' equipment readings can be relied upon. To get this they can either test the calibration of the equipment themselves or check pulp mill records to verify that the mill has a program for doing this type of calibration work regularly and documenting it.

We noted that five ministry regions were using a federal government checklist that included the requirement to check mill records about the calibration of equipment. Inspection forms showed that ministry staff had checked the calibration records for a limited number of continuous monitoring devices such as flow meters, pH meters and conductivity meters.

We support this work but also believe that the ministry should periodically check the calibration equipment itself. Then, providing the results are reasonably accurate, the inspectors could rely on the mills' processes for calibrating equipment by examining the mills' records to ensure that the processes are ongoing, until the inspectors again perform their own equipment calibration checks.

Inspection forms and supporting files

Taken together, the ministry inspection manual, its inspection form and supporting ministry records should assist ministry regional staff in determining the minimum scope of pulp mill monitoring work to be conducted, documenting that work and the conclusions arising out of it, and communicating those findings to the mills.

Ministry pulp mill inspection results are usually recorded on its pre-printed Permit Inspection form (Exhibit 6). This form is quite general, and provides inspectors with little specific guidance about how to conduct inspections. It is thus largely left up to ministry regional staff carrying out the mill inspections to determine what work to conduct and how much detail to document. Inspection staff told us that they would welcome more specific direction on both matters.

One region that we visited was using a tailored inspection form designed to suit its specific regional pulp mill processes. This form, which highlighted the key processes to be inspected during pulp mill visits, is a good example of how this direction might be improved.

The ministry's inspection form asks for only a general conclusion on compliance and allows for the reporting of problems that the mill would want to be aware of so that it can take action on them. The ministry guidance does not ask

for separate conclusions on the various types of work being done. For complex monitoring work such as that being carried out at the mills this is inadequate. We believe that requiring separate conclusions on the results of the visual inspections, discussions, calibration, and agreement of effluent data to mill records would be more meaningful and relevant.

We recommend that the ministry revise its pulp mill Permit Inspection form or file documentation requirements so that it requires more extensive and specific conclusions about the ministry inspection work at the pulp mills.

Mill effluent laboratory analysis and quality assurance

We have already stated that part of reason the ministry does pulp mill inspections is to gather evidence that the effluent-related data submitted by the mills is accurate and reliable. As we noted earlier, we observed that reports submitted to the ministry were complete and included sampling and analysis requirements as prescribed by the permits. However, we also found that the data reported was largely based on sampling and analyses carried out by the pulp mills' own laboratories as well as laboratories contracted by them. In addition, ministry pulp mill inspections were generally visual inspections and walk-throughs of the effluent treatment facilities.

Previous sections of this report have referred to effluent parameters that are measured by equipment and how the ministry monitoring program gets assurance about their accuracy. Other effluent parameters are measured by taking samples of the effluent and analyzing them (BOD, TSS, AOX and sometimes pH) or otherwise testing them (toxicity). The results are reported to the ministry as part of the mill data required by the permit. This mill data is only as accurate as the analyses done by the laboratories that provide the results.

Errors and omissions can occur during at least three notable points in the sampling and analysis process: while collecting the samples; while analyzing the samples in the laboratory; and while submitting the results of the analyses to the ministry.

Ministry officials we spoke to in the regions said that they trust the data reports of pulp mill permit holders, and they believe that material data errors would be highly unlikely. They also said that they relied on a centrally administered quality assurance program to provide assurance that the data submitted by the mills was reliable.

The Ministry's quality assurance program uses a variety of ways to obtain assurance about the accuracy of laboratory analyses of pulp mill effluent. It:

- registers laboratories for the testing of designated parameters;
- provides guidance to mills and contracted laboratories on appropriate test methods;
- takes samples of mill effluent, and, with the mill and ministry independently analyzing them, compares the results; and
- provides reference samples made up of known components and parameters to the mills to analyze and compare the mills' results to the known results as an indication of the mills' ability to measure the effluent parameters.

Registration and testing of laboratories

To help improve the quality of monitoring data, the Province passed the Environmental Data Quality Assurance Regulation in August 1990. Under the regulation, persons who are required to submit environmental monitoring data to the Ministry of Environment, Lands and Parks must ensure their samples are analysed for designated characteristics at a ministry-registered laboratory.

To administer this regulatory requirement, the ministry established a data quality assurance program within its Laboratory Management Systems Section, through its Vancouver Laboratory Quality Assurance office, which maintains a register of mill laboratories and private laboratories contracted by pulp mills. All of these labs are required to test certain reference samples to see if they are able to perform their laboratory analyses accurately for 25 specific designated parameters. These include most of the regulated parameters required to be tested in the mill permit, such as BOD, TSS, pH, conductivity and toxicity. Program staff informed us that AOX is excluded because of the lack of an available AOX reference sample.

All of the 13 pulp mills included in our audit testing operate laboratories to perform some of the required effluent sample analysis. We reviewed registration records to determine if these laboratories were registered with the ministry. We found that all were registered, and in particular they all were registered to do testing in BOD and TSS.

However, we noted that most mill laboratories were analysing for more parameters than those registered with the ministry. For example, we found that one-quarter of the mill laboratories were not registered to test for pH, and even fewer were registered to test for conductivity. Where labs are not registered for testing the effluent for a certain parameter yet are providing results on it to the ministry, the mills are not complying with regulation. It is, therefore, up to the ministry to test and register these labs for all the designated parameters they are testing and reporting results on.

We recommend that the ministry ensure that pulp and paper mill laboratories submitting sample results be tested and registered for all designated effluent parameters for which they are performing laboratory analyses.

We also noted that all the mills were contracting with private laboratories to analyze mill effluent for toxicity, and that these contracted labs were registered for this purpose.

Methods specification

Methods specification involves defining the procedures that must be followed throughout a whole measurement process—sampling, sample preservation, sample analysis, data quality control and assurance. The purpose of this is to provide standardization and to ensure consistency in data interpretation.

We found that two methods specification manuals have been issued by the ministry:

- British Columbia Field Sampling Manual for Continuous Monitoring Plus the Collection of Air, Air Emission, Water, Wastewater, Soil, Sediment, and Biological Samples (1996 edition); and
- British Columbia Environmental Laboratory Manual for the Analysis of Water, Wastewater, Soil, Sediment, and Biological Samples (1994 edition), with two supplements.

Both were written by the ministry and its Quality Assurance User Committee. The committee is made up of experts from the ministry's staff, practitioners from established laboratories in British Columbia and individuals from industry groups.

We believe that these manuals clearly communicate what the ministry expects of the laboratories involved in the analysis of effluent parameters.

Split sampling

The ministry's Vancouver Laboratory Quality Assurance office, in coordination with its regional offices, runs a split sample program. Split samples are multiple samples taken from a single homogenized sample. One portion of the sample is analyzed by the permit holder's laboratory and the other portion by a ministry contracted labs. The sample analysis and tests cover regulated effluent parameters (generally BOD, TSS, AOX and toxicity). The results are then compared to provide evidence as to whether or not a mill's laboratory analysis can be relied upon. The results can also be compared to the permit limits, to ensure those limits have not been exceeded, and to the previous data submitted by the mill, to provide evidence as to the accuracy of the data. Where the results are close, it provides evidence that a mill's own or contracted laboratories have appropriate processes for sampling, sample handling, storage, subsampling and laboratory analysis.

Even though split samples are usually sub-portions of well mixed samples, variations in their measurement do occur. These differences indicate the degree of variance between laboratories and can be used to determine the amount of confidence that can be placed on the data provided by permit holders. Where the results are too far apart, they have to be followed up to determine which laboratory was accurate. If a mill's lab is found to be wrong, the mill or the ministry can then investigate which of the supporting processes is not being done appropriately, thereby ensuring that more accurate data is provided in the future.

Because of the usefulness and importance of this form of testing, the ministry's Laboratory Management Systems Section urges regional offices to include the collection of a split sample as an integral component of the monitoring process as a means of acquiring quality assurance data. The Environmental Data Quality Assurance Regulation allows the ministry to recover the cost of split sampling from the pulp mill permit holders.

During our audit coverage period of the 12 months ended June 30, 1998, and for the 13 permit files we examined, we observed that five regions did some independent sample testing. These tests ranged from testing one to almost all of the monitored mill effluent parameters. There does not seem to be a good reason for this inconsistency. Also, only two regions used the split sample technique. For both, the results indicated that the analyses of the mill and ministry portions of the split sample were comparable and within permit limits.

We recommend that the ministry require all of its regions to include split sampling of effluent parameters required to be reported by pulp mill permit holders as part of their inspection programs.

We also recommend that the ministry periodically collect samples of mill effluent and have them independently analyzed for all parameters that must be reported pursuant to the mill permits.

Split sample results should also be compared to data submitted by the mill during the year to see if it is consistent with that data. In this way, the ministry can assess the accuracy of data submitted by the mills.

Ministry inspectors told us they were doing this, but it was not being done in a well documented way from which conclusions could be drawn. Therefore, we were unable to conclude as to whether or not ministry inspectors were doing this work in an organized and comprehensive manner. Where the ministry had conducted split sampling and properly documented it, we compared the results to mill data and found it to be within the permit limits.

We believe that this area is too important to leave to an unstructured and informal process. By requiring its inspectors to compare split sample results to data submitted throughout the year and draw conclusions, the ministry would be providing itself with a quality assurance process over this important aspect of testing.

We recommend that ministry inspectors document their comparison of the results of split sampling with data submitted by the mills throughout the year and draw conclusions about the accuracy of the mill data from this work.

Reference samples

Since 1990, the ministry's Vancouver Laboratory Quality Assurance office has administered a reference samples performance evaluation program. The office circulates samples of known values to participating laboratories for analyses, with the objective of assessing each lab's ability to perform the work. While this provides additional assurance about the capability of the mill or contractor laboratory to provide accurate mill effluent data, it cannot be used to replace split sample testing by the ministry. It demonstrates whether the mill laboratories are capable of testing accurately in a structured situation and implies that the same degree of accuracy exists when actual effluent is being tested. In this way

it provides indirect assurance about the accuracy of actual data submitted to the ministry.

This program is jointly administered by the ministry and the Canadian Association for Environmental Analytical Laboratories (CAEAL). CAEAL is a non-profit organization affiliated with the Standards Council of Canada. It distributes performance test samples to all participating environmental laboratories and manages the associated test data collection and tabulation.

A ministry-contracted laboratory prepares samples with known constituents and concentrations. The samples contain constituents commonly found in wastewater. The mill laboratories are supposed to analyze these test samples using the same analytical methods and personnel they use for their ongoing wastewater discharge samples, and to report those pollutants they detected in these samples. According to ministry laboratory registration instructions, the labs need to obtain a test score of 70 to maintain their acceptable rating.

The ministry sends the laboratories a report of the results of their performance evaluations, and follows up with a reminder letter to those labs where problems are identified. The letter points out the problems identified and suggests that the labs undertake steps to review their procedures.

According to ministry officials, the performance evaluation serves as a primary tool to ensure the quality of the self-monitoring data. It also allows mill permit holders who uncover laboratory-related problems to correct them voluntarily.

At the time of our audit, a total of 15 performance evaluations had been carried out (twice a year, once in the Spring, and again in the Fall).

The last two tests occurred during our audit period.

We noted that all of the pulp and paper mills whose permits we sampled participated in these two tests. The tests required the mills' laboratories to analyze parameters registered with the Vancouver Laboratory Quality Assurance office. The individual tests ranged from two to six parameters, and four samples were required per parameter. The results of the four samples were compared with reference values. A score was then calculated based on a formula assigned to each parameter tested. A score of 70 for each parameter is considered a satisfactory score. The following table shows the results for the mill-operated laboratories:

Percent of mills that:	Test 14	Test 15
scored more than 70 in all parameters tested	46%	42%
scored less than 70 in one parameter	38%	50%
scored less than 70 in more than one parameter	16%	8%

The scores in the above table suggest that the performance of these mill laboratories should be improved. Ministry officials told us that although there is a performance evaluation score that laboratories are assigned, there are no specified consequences if the mill laboratories fail these tests. They only get a warning letter from the Vancouver Laboratory Quality Assurance office informing them of the nature of their failure, along with a reminder to review their procedures. The labs are not required to respond to these letters, and only in isolated instances do regional ministry staff follow up with the mill permit holders about such laboratory results. The ministry continues to accept laboratory analyses from these laboratories.

However, the ministry is in the process of considering a different approach. This may require changes to the existing regulation. The current program is to be replaced with a certification of proficiency program, administered by CAEAL, to ensure some consequences for poor performance on the tests. In this new approach, if a laboratory does not correctly quantify a parameter for which it is certified to do so, the lab must take the test again. If it fails a second time, it will be suspended from being certified to analyze that parameter.

We recommend that the ministry continue its pursuit of methods for improving the effectiveness of its laboratory performance evaluation test program, and clearly establish consequences for laboratories that fail to meet ministry-required performance standards.

We also recommend that the ministry’s regions coordinate with the Laboratory Quality Assurance Office to follow-up on tested laboratories in which the central review program has indicated problems.

We believe that the ministry’s oversight of sample collecting and laboratory sample analyzing was inadequate to prevent errors. Given the importance of monitoring data to the ministry, the weaknesses we noted in the mechanisms for overseeing quality assurance are of great concern. The ministry can, and should, take a number of actions such as inspection of sampling procedures, laboratory inspections and looking at

mill laboratory records to prevent and detect errors or omissions in pulp mill sampling.

Inspection of sampling procedures

One possible form of assurance the ministry can gather as part of its monitoring program is evidence that the mills have performed their sample handling procedures appropriately. First, regional ministry inspectors should inspect the mills' sampling procedures to verify that samples have been collected, handled and stored according to ministry guidelines. As noted in an earlier section of this report, the ministry gives permit holders guidance in collecting, handling, storing and analyzing samples.

Two ministry regions informed us that they did this type of work during their inspection visits to mills. However, ministry documentation did not show the extent of this work, so we were unable to conclude if the range and extent of the sampling was adequate to provide the ministry with assurance that its procedures were appropriate.

When we asked other ministry regional officials about this, some said that not routinely reviewing sampling procedures was a deficiency in their region's compliance evaluation and sampling inspection programs. However, they added that their limited resources would not allow them to perform these tasks and still complete other expectations required of them. Furthermore, they pointed out the need for additional staff training on laboratory procedures.

We recommend that ministry's mill inspections include complete and effective reviews of mill sampling procedures, and provide for mill inspectors to have training in sample collection techniques.

Laboratory inspections

The mill laboratories have quality assurance and control systems that ensure they are following standard procedures and practices in their analysis work. We believe that periodic inspections of mill laboratories would support the reliability of laboratory data.

As noted before, the ministry has recommended procedures in the British Columbia Environmental Laboratory Manual for the Analysis of Water, Wastewater, Soil, Sediment, and Biological Samples. The procedures cover sample handling, measuring methods, calibration standards, cleanliness, sample handling, storage, analysis and documentation requirements.

During such inspections, inspectors could observe laboratories' operations and check their routine performance while analyzing actual discharge samples. Such observations provide important assurance about quality control and whether quality assurance procedures are operational and conform with ministry-issued analytical methodology. Inspectors could also compare sampling reports to supporting documents to validate the sampling data. For example, inspectors could check the sampling against sampling records (noting the date, time and location of sampling) and against laboratory records (noting the time and date of analysis, instrument calibration records, and results of quality control samples).

However, as we described earlier, the ministry does not require routine inspections of laboratories and, not surprisingly, we found none were being conducted. We also found that the ministry was not routinely tracing sampling results back to supporting documentation during mill inspections. Some ministry officials with whom we spoke said that they agreed that mill laboratory inspections would be useful, but they said they had not conducted any because of the shortage of inspection resources.

Regional ministry officials cited competing program priorities and, especially in the pollution prevention program, insufficient resources as the reasons for current shortcomings in quality assurance. Nevertheless, there were concerns expressed about this significant reliance on self-reported data in assessing mill permit compliance.

We recommend that the ministry provide pulp mill inspectors with training in quality assurance techniques and ensure that routine mill laboratory inspections are part of their ongoing inspection program.

We have referred earlier to the fact that the ministry is in the process of adopting a certification of proficiency program administered by CAEAL to replace its current laboratory registration system. We understand that CAEAL also provides, in partnership with the Standards Council of Canada, a more demanding laboratories accreditation program. The accreditation process requires extensive initial laboratory assessment upon application. Accredited laboratories are reassessed every two years. This may provide an alternative to the ministry training its staff and carrying out inspections. However, it should be recognized that mill laboratories are small wastewater treatment plant laboratories and there are substantial costs associated with the accreditation process. In addition, preservation of ministry staff expertise also needs to be considered.

Looking at mill records

The ministry draws conclusions from the data submitted during the year by the pulp and paper mills. When the ministry staff visit the mills, they could verify that the data submitted to them is in line with the mill records to make sure that no mistakes were made when the information was reported. For example, mill data should be reconciled with equipment reading records, sample collection, storage and analysis records, mill laboratory analysis records, contract laboratories' analysis and test results, and internal mill records. During such a review, inspectors compare records of when, where and how an analysis was done, of bottle numbers, of dilution factors used, of calibration records, and of the results of quality control samples.

We were informed that some situations have been found in other jurisdictions where a laboratory might not analyze a reference sample themselves, but rather send it to other laboratories and then report the results as their own. Such laboratories then would be less likely to be targeted for inspection because the performance results would be acceptable for the reference sample work. Inspectors' periodic reviews of mill records supporting such work is one way to discover this type of problem.

One USA State authority we talked to, for example, routinely inspects laboratories and has found errors through inspections by tracing monitoring reports back to supporting documentation. This type of review is an important task to perform during a laboratory inspection and, although time-consuming, should never be overlooked.

While pulp mills use independent laboratories to analyze some parameters of their samples, they have their own mill laboratories to analyze some portion of their samples. As a result, during laboratory inspections, inspectors can agree sampling results to supporting documentation for these analyses. Moreover, a number of common parameters or constituents that are limited by the permit, such as pH and dissolved oxygen, are unstable and must be analyzed on-site. These situations call for tracing sampling results against supporting documentation during an inspection.

Ministry officials told us that inspectors do not routinely trace mill data reports received by the ministry back to supporting documentation during a mill inspection. According to our review of inspection documentation, this is the case.

However, the ministry's field sampling manual recommends that laboratories be audited periodically to check the functioning of quality assurance and quality control procedures. Important decisions are based on environmental data, so inaccurate data can lead to greater risks to the environment. A program that depends on self-reported sampling data for monitoring pulp mill compliance with environmental regulations should also be supported by a rigorous system for ensuring the reliability and accuracy of such data.

We therefore believe that, to improve the integrity of both self-reported data and the ministry's quality monitoring procedures, the ministry inspectors should be required to compare data reports received by the ministry to supporting documentation during their inspections of mills and laboratories.

We recommend that the ministry trace pulp mill data reports back to supporting documentation during mill inspections.

Frequency of ministry inspections

As the previous several sections of this report have indicated, we found that most regional offices were performing inspections, tests and observations at inconsistent frequencies. We expected the frequency of this work by the ministry to be commensurate with the risk factors associated with each mill, such as the past performance of the mill in testing accurately and coming within the permit limits. We also looked at standards regarding the establishment of a minimum inspection frequency.

The ministry's British Columbia Field Sampling Manual for Continuous Monitoring Plus the Collection of Air, Air Emission, Water, Wastewater, Soil, Sediment, and Biological Samples (1996 Edition) suggests an audit frequency of not less than once every five years, preferably once every other year. A recent study done on industrial pollution monitoring in nine American states showed that several did audits every five years. These audits were very extensive and included considerable verification work on all aspects of the permit holders' processes.

Among other considerations, a government needs to have active and experienced staff to do ongoing inspections of mill effluent. In British Columbia, where there are only 23 pulp mills for the ministry to monitor, staff would lose their expertise if "once-every-five-years" were the approach taken.

Most likely, a combination of different types of testing undertaken at different intervals would be better for this situation. We have suggested a possible approach in the previous section of this report on mill inspections and data quality assurance.

Corrective action where discharges exceed permitted quality and quantity

Corrective action

The ministry has a range of options at its disposal when contemplating an enforcement response against a violator. They range from informal actions that take little effort, to formal investigations involving large commitments of time and money.

With regard to non-compliances with mill permit requirements, we found that the most common actions were of two types:

- As necessary, the ministry takes informal administrative actions that are advisory in nature, such as a notice of noncompliance or a warning letter. In these actions, the ministry advises the manager of a mill what violation was found, what should be done to correct it, and by what date. Informal actions carry no penalty, but if they are ignored, they can lead to more severe actions;
- Every six-months, the ministry releases an Environmental Protection Noncompliance Report listing operations whose compliance record is of concern to the ministry. The aim is to create adverse publicity for offenders as an incentive to their taking corrective action.

The non-conforming operations, with regard to permits, orders, waste management plans, or approvals under the Waste Management Act, are identified in accordance with the ministry's Procedure for the Inclusion of Operations on the BC Environment's Environmental Protection Noncompliance Report. The procedure provides criteria and guidelines based on such factors as frequency, quality and toxicity. The ministry procedure, however, allows ministry regional managers to apply professional judgement and consider other circumstances.

During the 12 months to June 30 1998, only two instances that met these non-compliance reporting guidelines were listed on the Environmental Protection Noncompliance Report. Other non-compliance instances were mostly minor in nature, and were dealt with by way of warning letters, or were not pursued based on the professional judgement of ministry regional staff because permittee corrective action had taken place.

In this regard, we noted that because ministry procedures allow regional staff to exercise professional judgment and consider other circumstances, the opportunity exists for inconsistency in the regions' interpretations of ministry policy.

We also believe that there is a need to clarify the term "authorization reporting period" described in the ministry's procedures. Different regional officials had interpreted this differently in determining which pulp mills were to go on the non-compliance report. This period can have more than one interpretation: Is the procedure referring to the monitoring reporting period [monthly] or the non-compliance reporting period [every six months]? A consistent interpretation is important because ministry procedures suggest that an operation be considered for inclusion on the non-compliance report if it submits eight or more samples during the "authorization reporting period" and if 15% of the samples exceed parameter requirements.

We recommend that the ministry: consider head office reviews of instances where regional staff use professional judgement and other circumstances to exclude offenders from the ministry's public Environmental Protection NonCompliance Report, and clarify the term "authorization reporting period" in its policy.

Other Matters

Voluntary initiatives

In response to market pressures, many organizations are voluntarily adhering to higher standards of environmental planning, performance and accountability. One of these initiatives is the adoption of international standards such as ISO 14001, for environmental management systems and related systems certification audit requirements. One important standard within the ISO 14001 protocol requires ISO certified organizations to establish policies that include commitments to comply with relevant environmental legislation, regulations and other requirements to which the organization subscribes. One focus of ISO certification audits is compliance with legal requirements.

While four of BC's pulp mills have currently achieved ISO 14001 certification, a number of others have developed environmental management systems based generally on the ISO 14000 standard, without intending to take the last step to certification. Nevertheless, all of these mills represent an opportunity for the ministry to assess its policy with respect

to obtaining information that can be provided by reviewing the pulp mills' environmental audit reports, in identifying and resolving environmental issues and possible assurances that can be provided.

However, such assurances cannot simply be taken from the fact that a mill has ISO certification. The ISO 14001 certification will tell the ministry that the mill has environmental management systems and policies in place. It does not necessarily provide assurance that these systems cover those detailed permit requirements related to the monitoring of pulp mill effluent parameters. To determine if this assurance applies to permit requirements, the ministry would have to have more detailed discussions with mill management and its auditors.

In addition, such information could assist the ministry in formulating a risk assessment-based monitoring scheme for pulp mills. Some aspects of the scheme, such as independence and qualification of environmental auditors, the accuracy and sufficiency of audits, and information confidentiality would need to be evaluated by the ministry.

Regulatory overlap

In addition to British Columbia's pulp mill effluent regulations are a number of federal government pulp and paper industry regulations that were passed in 1992. They include:

- the Pulp and Paper Effluent Regulations, under the authority of the Fisheries Act. These regulate pollutants from pulp and paper mills in order to protect fish and their habitat. Pollutants of concern are suspended solids, biochemical oxygen-demanding matter and effluent that are acutely lethal to fish.
- the Pulp and Paper Mill Effluent Chlorinated Dioxins and Furans Regulations, under the authority of the Canadian Environmental Protection Act. These regulate two members of the family of chlorinated dioxins and furans.
- the Pulp and Paper Mill Defoamer and Wood Chip Regulations, under the Canadian Environmental Protection Act. These regulations are aimed at reducing the possible precursors to toxic dioxin and furan. Pulp and paper mills use defoamer additives that, in the presence of a chlorine bleaching process, could be a source of dioxins and furans in mill products and their effluents.

We did not evaluate the details of the federal regulations to determine the degree to which they create overlap in federal/provincial monitoring activities. The ministry and the federal government, having already recognized the regulatory overlap, have agreed to some common administration and inspection procedures. The benefits include that a mill only has to deal with one government office and so avoids the extra cost and duplication of effort required in dealing with two separate groups on closely related matters. The ministry gains more intensive knowledge of more aspects of the mills' operations, and both levels of government save costs.

To establish a cooperative arrangement for the administration of pollution prevention initiatives with respect to liquid effluents from pulp and paper mills, British Columbia and the Government of Canada signed an agreement in 1994. The purpose of the agreement was to establish a "single window" for the administration of federal and provincial regulatory requirements in relation to pulp mill liquid effluents. Notably, the agreement provided that the provincial government would be the single window for carrying out inspections of pulp and paper mills, with the federal government participating in a selected number of joint inspections. The agreement also provided for the federal government to pay the ministry for services provided (up to \$166,000 a year).

This agreement expired in 1996 and is in the process of being re-negotiated.

We recommend that the ministry re-establish the "single window" arrangement with the federal government to assist in reducing overlap in pulp and paper mill liquid effluent regulation monitoring, inspection and reporting.



summary of recommendations

Recommendations made in the Office of the Auditor General of British Columbia report titled Pulp and Paper Mill Effluent Permit Monitoring are listed below for ease of reference. These recommendations should be regarded in the context of the full report and apply to the Ministry of Environment, Lands and Parks.

We recommend that:

- 1. ministry reviews of pulp mill effluent permit data be documented to indicate the date and extent of the reviews;***
- 2. the ministry complete the development and implementation of its EMS system as soon as practicable;***
- 3. pulp mill permits be amended to remove requirements for the testing and submission of data for mill processes that are no longer in use;***
- 4. ministry comparisons of pulp mill data to permit limits be documented to indicate the dates and extent of the reviews;***
- 5. the ministry provide its pulp mill monitoring staff with clear guidance as to its minimum inspection requirements, along with a plan outlining how its various monitoring activities work together to provide assurance that mill monitoring data is accurate and reliable;***
- 6. the ministry clearly document the scope of work it performs during each pulp mill inspection;***
- 7. the ministry revise its pulp mill Permit Inspection form or file documentation requirements so that it requires more extensive and specific conclusions about the ministry inspection work at the pulp mills;***
- 8. the ministry ensure that pulp and paper mill laboratories submitting sample results be tested and registered for all designated effluent parameters for which they are performing laboratory analyses;***
- 9. the ministry require all of its regions to include split sampling of effluent parameters required to be reported by pulp mill permit holders as part of their inspection programs;***
- 10. the ministry periodically collect samples of mill effluent and have them independently analyzed for all parameters that must be reported pursuant to the mill permits;***

- 11. ministry inspectors document their comparison of the results of split sampling with data submitted by the mills throughout the year and draw conclusions about the accuracy of the mill data from this work;**
- 12. the ministry continue its pursuit of methods for improving the effectiveness of its laboratory performance evaluation test program, and clearly establish consequences for laboratories that fail to meet ministry-required performance standards;**
- 13. the ministry's regions coordinate with the Laboratory Quality Assurance Office to follow-up on tested laboratories in which the central review program has indicated problems;**
- 14. ministry's mill inspections include complete and effective reviews of mill sampling procedures, and provide for mill inspectors to have training in sample collection techniques;**
- 15. the ministry provide pulp mill inspectors with training in quality assurance techniques and ensure that routine mill laboratory inspections are part of their ongoing inspection program;**
- 16. the ministry trace pulp mill data reports back to supporting documentation during mill inspections;**
- 17. the ministry: consider head office reviews of instances where regional staff use professional judgement and other circumstances to exclude offenders from the ministry's public Environmental Protection NonCompliance Report, and clarify the term "authorization reporting period" in its policy;**
- 18. the ministry re-establish the "single window" arrangement with the federal government to assist in reducing overlap in pulp and paper mill liquid effluent regulation monitoring, inspection and reporting.**



response of the ministry of environment, lands and parks

The Ministry of Environment, Lands and Parks welcomes this report and appreciates the cooperation shown by the staff of the Office of the Auditor General in its preparation. The Ministry expects to benefit from this independent review and assessment of pulp and paper mill effluent monitoring systems.

We find the report to be positive and note that it concludes that the Ministry is doing adequate monitoring to ensure pulp and paper mills submitted the required information on time, reviewing the information to see whether or not the permit limits had been exceeded and taking corrective action where limits were exceeded.

Permit administration has many components including the application stage, the decision and possible appeals, amendments, policy development, methods development, data management, inspection, sampling, compliance determination, assessment of non-compliance, developing compliance programs with the permittee and formal enforcement procedures. Assessing mill effluent quality to determine compliance with limits specified in permits is one of the more complex aspects of the permit administration which relies to a large extent on the experience and judgment of ministry staff. With regard to the Auditor General's recommendations, the Ministry has the following comments:

General overview

The audit has been a thorough analysis and has resulted in a report that is well written and generally accurate. It is important to recognize that this report has been prepared largely in isolation of our many other program activities. We agree that there are areas where the Ministry could improve its performance.

One of the basic assumptions of the report is that the activities should be performed consistently in all regions of the province. The Ministry agrees but does not feel that this translates into the need for each activity to be performed with every detail exactly the same. Consistency needs to be set in the context of the appropriate effort to meet the desired objectives. Pollution assessments by their very nature need to consider the unique site specific considerations and for pulp mills this includes issues such as:

- *the risk of damage, i.e. sensitivity of the receiving environment*
- *type and reliability of the effluent treatment system*
- *the past record of compliance with permit versus exceeding permit limits*
- *the actual history of effluent quality in comparison to permit limits.*

Recommendations 1 and 4: "ministry reviews of pulp mill effluent permit data be documented to indicate the date and extent of the reviews" and "ministry comparisons of pulp mill data to permit limits be documented to indicate the dates and extent of the reviews"

This is currently done through various mechanisms such as sending letters in response to submissions and preparing compliance summary sheets. The Ministry agrees that these reviews should also be dated and initialed by the reviewer.

Recommendation 2: "the ministry complete the development and implementation its EMS system as soon as practicable"

Due to other higher priorities requiring ministry resources, the Ministry has been unable to fully integrate its EMS data base with another data base called WASTE. An interim reporting process through a data warehouse is now in place to allow reports to be produced which use both EMS and WASTE data to compare actual monitoring data with permit limits. In the longer term, subject to additional resources, the Ministry does intend to improve its data management system.

Recommendation 3: "pulp mill permits be amended to remove requirements for the testing and submission of data for mill processes that are no longer in use"

Amending permits to remove testing requirements for mill processes no longer in use is the norm. This is usually initiated by companies to reduce their permit fees, as well as reducing sampling costs. Minor changes may at times be delayed until a more significant need for a permit amendment arises.

Recommendation 5: "the ministry provide its pulp mill monitoring staff with clear guidance as to its minimum inspection requirements, along with a plan outlining how its various monitoring activities work together to provide assurance that mill monitoring data is accurate and reliable"

The Ministry agrees that providing inspectors with written guidelines on how to inspect mills is desirable and has initiated action to pursue this.

Recommendations 6 and 7: "the ministry clearly document the scope of work it performs during each pulp mill inspection" and "the ministry revise its pulp mill Permit Inspection form or file documentation requirements so that it requires more extensive and specific conclusions about the ministry inspection work at the pulp mills"

The Ministry agrees that more detailed documentation of inspections would provide a clearer picture of the findings of the inspections. The guidelines referred to in recommendation #5 could contain directions on this aspect.

Recommendation 8: "the ministry ensure that pulp and paper mill laboratories submitting sample be tested and registered for all designated effluent parameters for which they are performing laboratory analyses"

The Ministry agrees that mill labs should be certified for each parameter designated in a permit or regulation for which they are performing laboratory analysis. However, this objective is limited by the following considerations:

- *as pointed out by the report, some parameters (such as AOX) are not stable and therefore reference samples are not available, and*
- *adding variables to those presently vetted by the Ministry would substantially increase costs to both the Ministry and to the permit holders.*

The Ministry is working towards amending the Environmental Data Quality Assurance Regulation (EDQA) to require registered laboratories to obtain Canadian Association for Environmental Analytical Laboratories (CAEAL) certification for designated parameters in order to improve laboratory proficiency and reduce or eliminate cost to government.

Recommendations 9 and 10: "the ministry require all of its regions to include split sampling of effluent parameters required to be reported by pulp mill permit holders as part of their inspection programs" and "the ministry periodically collect samples of mill effluent and have them independently Analyzed for all parameters that must be reported pursuant to the mill permits"

The Ministry recognizes the value of split and independent sampling. The Ministry will review opportunities for split and independent sampling and analysis.

Recommendation 11: "ministry inspectors document their comparison of the results of split sampling with data submitted by the mills throughout the year and draw conclusions about the accuracy of the mill data from this work"

The purpose of splitting samples with the mills is to validate mill data. Significantly different results will indicate that further investigation must be undertaken to examine both sampling and mill analytical procedures. For consistency in this area, the Ministry will develop procedures for documenting the comparisons and for subsequently evaluating and flagging monitoring results based on the perceived accuracy.

Recommendation 12: "the ministry continue its pursuit of methods for improving the effectiveness of its laboratory performance evaluation test program, and clearly establish consequences for laboratories that fail to meet ministry-required performance standards"

The Ministry agrees that it is desirable to continue to improve the laboratory performance evaluation test program and to establish a set of consequences for failure to meet the performance standards. In this regard, the Ministry is working towards amending the EDQA regulation (see recommendation 8) to include decertification provisions for poor performing laboratories.

Recommendation 13: "the ministry's regions coordinate with the Laboratory Quality Assurance Office to follow-up on tested laboratories in which the central review program has indicated problems"

The Ministry regularly communicates with labs and provides information to regional offices regarding lab problems to allow ministry staff to pursue poor performance issues. The Ministry will investigate why information about poor lab performance is not reaching staff and permittees. If necessary, procedures will be changed.

Recommendation 14: "ministry's mill inspections include complete and effective reviews of mill sampling procedures, and provide for mill inspectors to have training in sample collection techniques"

Training staff to effectively review mill sampling procedures is a useful activity in the overall management process. In light of current staffing levels this can only be undertaken occasionally.

Recommendation 15: "the ministry provide pulp mill inspectors with training in quality assurance techniques and ensure that routine mill laboratory inspections are part of their ongoing inspection program"

Ministry inspectors must be knowledgeable about analytical methods but it would not be reasonable to train them to conduct lab QA reviews. This is a specialty function requiring expertise to institute such a program, perhaps coming from a central source such as CAEAL, Environment Canada's Pacific Environmental Science Centre (PESC) or the Ministry's Laboratory Management Unit.

Recommendation 16: "the ministry trace pulp mill data reports back to supporting documentation during mill inspections"

The Ministry agrees that ministry evaluation of mill data submissions should periodically include an assessment of the results back through the supporting documentation from transcription by the reporter, through lab result records and even back to sampler field notes. The Ministry will make appropriate procedure changes.

Recommendation 17: "the ministry: consider head office reviews of instances where regional staff use professional judgment and other circumstances to exclude offenders from the ministry's public Environmental Protection Non Compliance Report, and clarify the term 'authorization reporting period' in its policy"

The Ministry will clarify the authorization reporting period for the non-compliance list in order to avoid any confusion. The improved information system discussed in the response to recommendation 2 will facilitate improved headquarters/region communication and decision making.

Recommendation 18: "the ministry re-establish the 'single window' arrangement with the federal government to assist in reducing overlap in pulp and paper mill liquid effluent regulation monitoring, inspection and reporting"

The Ministry supports re-establishing the "single window" approach and is continuing to negotiate such an agreement with the federal government.





standards of conduct
in the education
and health sectors

table of contents

Standards of Conduct in the Education and Health Sectors

Introduction	59
Objectives	60
Scope	60
Summary of Findings	62
Findings	64
What standards exist and what they cover	64
School districts	64
Colleges and educational institutes	66
Universities	68
Health authorities	70
Public service standards of conduct	73
Administering standards of conduct	73
Responsibility	73
Keeping the standards up to date	74
Awareness and training	75
Monitoring compliance	76
Public reporting	77
Satisfaction with the standards, and possible areas of improvement	77
Recommendations	79
Supplement 1: List of organizations surveyed	81
Supplement 2: Standards of conduct for public service employees	83
Response of the Ministry of Education	88
Response of the Ministry of Advanced Education, Training and Technology	89
Response of the Ministry of Health	90

standards of conduct in the education and health sectors

Introduction

Part of our Office’s role is to assess compliance with the key factors associated with the proper conduct of business in the public sector. Two years ago, we reported on the results of our survey of standards of conduct in the government’s ministries and major Crown corporations (“Ethics Codes in the Public Sector,” included in the Auditor General 1996/97: Report 10). We have now extended our survey to enquire into standards of conduct in the larger provincial public sector—in school districts, colleges, educational institutes, universities and health authorities.

In the context of this report, “Standards of Conduct” are the policies, rules, and guidelines by which an organization sets out its expectations for its members and staff relating to the conduct of business and stewardship of public resources. We were looking in this study for the general standards of conduct that public sector organizations had gathered together in a code or otherwise, that they would have established and made applicable to their staff and board members.

There are no absolute or generally accepted topics which must be included in an organization’s standards of conduct. However, it may be considered that there are at least three categories of standards which might apply to individuals in an organization—general standards of the organization that are applicable to all, or most of, its employees and board members; specific standards applicable to designated individuals who are involved in certain types of activities; and professional standards that apply to members of professional associations based outside of the organization. All are important for organizations to function properly. In this study, however, we have focused on the first category—general standards of conduct, established by the public sector organization, applicable to its employees and board members.

Objectives

In this study we sought to determine:

- what general standards of conduct relating to the conduct of business and stewardship of public resources have been put in place by school districts, colleges, educational institutes, universities and health authorities for their board members, senior officials and staff;
- who is responsible for administering and ensuring compliance with these standards;
- how awareness of these standards is promoted and encouraged;
- how compliance with these standards is monitored;
- whether there is public reporting about the existence of the standards and compliance with them; and
- whether there are any improvements to the standards or their systems of administration that we might recommend for consideration.

Scope

We sent our survey to all 60 school districts and 28 publicly funded colleges, educational institutes and universities in the province. A list of these organizations is provided in Supplement 1. We spoke directly to senior representatives at 13 of them.

The Ministry of Health has policies concerning standards of conduct that the 52 health authorities must follow, and so we decided we did not need to survey them. Instead, we spoke with senior ministry officials, the Health Association of British Columbia (an organization representing the health authorities) and, to determine what progress had been made in complying with the ministry's policies, with senior representatives from nine of the health authorities.

The findings and conclusions included in this report are based on evidence available up to December 31, 1998. In preparing the report, we discussed our findings and conclusions with the Ministry of Education, the Ministry of Advanced Education, Training and Technology and the Ministry of Health.

Following on from our previous study of standards in the government's ministries and major Crown corporations, this study was a general study of standards pertaining to conduct of business and the stewardship of public resources. We were interested in the general standards that had been adopted by the public sector organizations for their staff and board members.

Standards unique to the purpose and function of school districts, colleges, educational institutes, universities or health authorities, such as those concerning the ethical treatment of patients, student conduct in schools, and scholarly integrity were excluded from our survey.

Also excluded were the standards of outside professional associations that board members and staff might belong to. These standards reflect the goals of the separate associations, and their members are accountable to those associations for compliance with their standards, rather than to the organization where they are employed.

The results presented in this report are a compilation of all the survey responses we received. In some instances, rather than indicate in their response what their standards covered, instead the respondents sent us copies of their standards or referred us to their internet site. In those cases, we reviewed the standards provided or referred to us in order to compile the results.

We did not attempt to determine if any of the organization's general standards adequately addressed the matters they were intended to cover. This would be the subject of an audit at some future date.



summary of findings

What standards exist and what they cover

While universities, colleges and educational institutes have prepared standards of conduct for their boards and staff, school districts generally have not. However, the School Act imposes many standards which school district boards and staff must follow. Generally, these standards of conduct in the education sector are not as comprehensive as those currently in use in provincial government ministries.

The Ministry of Health has issued policies requiring the province's health authorities to have standards of conduct. The standards for the authorities' employees must, according to ministry policy, include at least all the topics covered by the standards of the provincial government. Due to the 1997 regionalization of health authorities, implementation of this policy is still in progress.

Administering standards of conduct

In all the sectors we surveyed, for staff, administration of the standards is part of general management duties, rather than the responsibility of a formally designated official.

For boards, some are responsible, individually and collectively, for self-administration, while others look to the board chair, secretary or chief executive officer.

The standards that exist have generally been reviewed or updated recently.

Awareness and training

In all the sectors we surveyed, board members and new employees receive some form of official orientation to the standards, as part of their orientation to the organization they are joining. Ongoing refresher training for existing employees is less common, with many organizations looking to staff meetings and mentoring to keep staff up-to-date with the standards. Orientation or training for existing employees would likely only be provided if a new and significant standard is introduced.

Monitoring compliance

Only one organization had a formal monitoring process, but that was limited to board member conflict of interest. The other organizations in the sectors we surveyed relied on individual self-assessment and normal supervisory duties of line managers to identify and resolve ethical problems.

Public reporting

There is currently no formal and routine public reporting about the existence of standards of conduct or compliance with them.

Satisfaction with the standards, and possible areas of improvement

The majority of our survey respondents who had standards, 90%, said that they were satisfied with the effectiveness of their standards in maintaining proper behaviour of boards and staff.

At the end of this report, we have made a number of recommendations for possible improvements.



findings

What standards exist and what they cover

In the survey we sent to public sector organizations covered in this report, we asked about the existence of standards covering the same topics that were reported on in our 1997 public report on “Ethics Codes in the Public Sector.” These topics are listed in the exhibits that follow which show the results of the current survey. In a later section of this report, we have also compared the topics to the “Standards of Conduct for Public Service Employees,” revised and updated in 1997, which apply to provincial government employees appointed under the Public Service Act.

School districts

Fifty-three of the 60 school districts (88%) responded to our survey. Of those, 57% have prepared their own standards pertaining to trustees. However, only 27% have prepared their own standards for senior officials (in which we include principals), and only 27% have prepared standards for teachers or other staff at the districts or in the schools.

Officials in the Ministry of Education told us that a number of the topics we were asking about were covered in the School Act and other related authorities, which they would expect school trustees and staff in all the school districts to comply with.

Exhibit 2.1 displays the results of our survey, and also indicates which of the topics are considered by ministry officials to be covered by legislation. As can be seen in the table, many school districts have not developed policies or standards of their own.

Although an oath of office is not included in all school district policies, all of the survey respondents stated that their trustees take an oath as required in the Act—and in the oath they swear that they will abide by the School Act.

In addition, many respondents said that they comply with the requirements of the Freedom of Information and Protection of Privacy Act, even though matters of confidentiality and privacy protection may not be specifically mentioned in their organizations’ standards. As well, human rights legislation applies to everyone in school districts, yet it was not always mentioned in standards.

Exhibit 2.1

Topics Covered by Standards at School Districts

88% response rate

	Trustees	Senior officials (including principals)	Staff
% School districts responding to survey that have prepared standards	57	27	27
% Standards (from survey) covering the following topics ("A" indicates representation from Ministry of Education that topic is covered by legislation or related authority)			
General Topics			
obeying laws	A 62	A 47	A 36
general good conduct	A 93	A 80	A 71
discrimination	38	67	79
environmental protection	10	13	14
service to the public	A 66	A 33	A 29
oath of office	A 21	0	0
Conduct of Services and Activities			
conflict of interest	A 48	27	21
avoidance of bias	A 41	20	14
safeguarding assets	A 38	53	43
gifts, bribes	A 21	20	14
non-political activities	14	13	7
reporting breaches	10	13	14
post-employment activities	0	7	7
Public Disclosure and/or Confidentiality			
confidentiality	A 62	47	A 43
public comment	A 59	13	7
public accountability	A 55	A 40	A 29
privacy protection	A 21	A 40	A 29
whistleblowing	0	0	0

Source: Office of the Auditor General survey sent to school districts, June 1998, and response from Ministry of Education

We also noted that the School Act has a general requirement that the “highest morality must be inculcated” in schools. This again is a topic not always covered in district standards, although a number of districts told us they have standards of conduct for schools, which may apply to students alone or to all of the school community (i.e., including parents and staff), and which cover general good conduct.

Students

Although we did not ask for it, a number of school districts provided us with information about codes of conduct concerning student behaviour and the treatment of students by school district staff. These ranged from "statements of principles" issued by school boards to "codes of conduct" issued by individual schools.

These statements and codes ranged from broad principles or "expectations" down to detailed requirements. For example, "a student is expected to respect the feelings and property of others;" "a teacher is expected to promote positive attitudes of accomplishment and behaviour;" and "it is not appropriate to wear hats in school."

The code of ethics of the BC Teachers' Federation has similar statements; for example, "The teacher speaks and acts towards students with respect and dignity, and deals judiciously with them, always mindful of their rights and sensibilities."

The School Act requires students to comply with school rules authorized by the principal, and with the code of conduct and other rules and policies of the school district board. However, the Act and regulations do not require the boards and principals to establish such rules or codes.

A further examination of school Codes of Conduct will take place as part of a performance audit currently being carried out by this Office. The audit is of the school system's role in fostering a safe learning environment. The audit report is planned for issuance in mid-2000.

A few school districts indicated that since school trustees, secretary/treasurers, superintendents, principals and vice-principals, teachers, and staff all have their own unions or professional associations, many having their own standards of conduct, it was not necessary for the districts to develop their own policies. While these outside, professional association standards do promote good conduct, they were not the standards we were looking for, since the responsibility for making sure the standards are followed, and dealing with breaches, belongs to the association, not the organization where the person is employed. In addition, membership in some of these associations is not always mandatory, and therefore the standards may not be applicable.

We believe that it would be useful for each school district to adopt its own general standards of conduct, so that each member and employee is accountable to the district for their conduct.

Colleges and educational institutes

Eighteen of the 22 colleges and educational institutes in British Columbia (82%) responded to our survey. All responded that they had standards for their boards, and 89% said they had standards for their senior officials and their staff.

Government policy (explained further below) requires the colleges and educational institutes to adopt bylaws addressing board member conflict of interest and standards of conduct. This is reflected in the survey results, in Exhibit 2.2, which show

100% standards for board member “general good conduct,” oath of office,” “conflict of interest” and “confidentiality.”

Almost every organization had a standard on conflict of interest for its senior officials and staff, and the majority have a standard on confidentiality.

All, of course, are required to comply with the Freedom of Information and Protection of Privacy Act, and with human rights legislation, even though not all colleges and educational institutes reported having standards for these subject areas.

However, the majority of the topics we were interested in are included in standards by less than half of the colleges and educational institutes that responded to our survey.

Exhibit 2.2

Topics Covered by Standards at Colleges and Educational Institutes

82% response rate

	Board	Senior officials	Staff
% Colleges and Educational Institutes responding to survey that have standards	100	89	89
% Standards (from survey) covering the following topics:			
General Topics			
obeying laws	25	29	20
general good conduct	100	64	60
discrimination	50	57	67
environmental protection	13	21	20
service to the public	38	36	27
oath of office	100	0	0
Conduct of Services and Activities			
conflict of interest	100	86	87
avoidance of bias	56	43	40
safeguarding assets	25	36	27
gifts, bribes	19	64	60
non-political activities	12	7	7
reporting breaches	44	29	27
post employment	0	14	7
Public Disclosure and/or Confidentiality			
confidentiality	100	71	60
public comment	38	36	40
public accountability	44	29	20
privacy protection	38	43	40
whistleblowing	6	7	7

Source: Office of the Auditor General survey sent to colleges and educational institutes, June 1998

The College and Institute Act requires these organizations to establish bylaws concerning conflict of interest situations for their boards, and in 1995 the then Ministry of Skills, Training and Labour issued a “statement of guidelines for serving as college and institute members of boards.” Despite labeling them as guidelines, the ministry required the boards to adopt them as bylaws. These covered conflicts of interest as well as general conduct (see Exhibit 2.3), and included an oath of office.

The ministry issued these guidelines at the request of the colleges and educational institutes, following amendments to the College and Institute Act which, among other things, provided for representation on boards by faculty, support staff and students. Since these new board members could find themselves participating in decisions that would directly affect them, it was felt that new guidelines on conflict of interest were required.

No legislated or ministry policy requirements exist specifically for employees at colleges and educational institutes.

Universities

All six universities in British Columbia responded to our survey. The four established universities had standards for their boards, senior officials and staff.

Exhibit 2.4 shows the topics that survey respondents told us were covered by the standards of conduct at the four established universities. The universities make no distinction between “senior officials” and “staff.”

Exhibit 2.3

Code of Conduct—College and Institute Board Members

Duty of Integrity	to act honestly and in good faith
Duty of Loyalty	to give his or her loyalty to the institution when acting on behalf of the Board
Duty of Care	to act in a prudent and diligent manner, keeping himself or herself informed as to the policies, business and affairs of the institution
Duty of Confidentiality	notwithstanding the need of members to make an informed decision on an issue before the board by obtaining input from internal and external communities, members are to ensure that information which is normally considered confidential (i.e. financial and personnel issues) remains so
Duty of Skill	to use one’s level of knowledge and one’s expertise effectively in dealing with the affairs of the institution

Source: Ministry of Skills, Training and Labour, 1995

Most of the topics we were interested in are included in standards of conduct by less than two of the universities who responded to our survey, and many are not covered at all.

Consistent with the form of their enabling legislation, there is no requirement in their legislation or Ministry (of Advanced Education, Training and Technology) policy for universities to have standards of conduct in general, or to have standards covering specific matters. However, as with the other organizations, however, both human rights legislation and the Freedom of Information and Protection of Privacy Act do apply.

Exhibit 2.4

Topics Covered by Standards at Universities

100% response rate

	Board	Senior officials and staff
Universities responding to survey that have standards	4	4
Universities having standards (from survey) covering the following topics:		
General Topics		
obeying laws	2	1
general good conduct	1	1
discrimination	1	4
environmental protection	0	1
service to the public	1	1
oath of office	0	0
Conduct of Services and Activities		
conflict of interest	4	4
avoidance of bias	2	2
safeguarding assets	0	1
gifts, bribes	0	2
non-political activities	0	0
reporting breaches	0	0
post employment	0	0
Public Disclosure and/or Confidentiality		
confidentiality	2	2
public comment	2	1
public accountability	1	0
privacy protection	1	3
whistleblowing	0	0

Source: Office of the Auditor General survey sent to universities, June 1998

Health authorities

In April of 1997, the Government of British Columbia delegated authority for the governance, management, and delivery of most health services to 52 health authorities—Regional Health Boards in urban areas and Community Health Councils and Community Health Services Societies in more rural areas. These health authorities are led by volunteer boards of appointed citizens responsible for policy decisions and corresponding administrative structures responsible for management. The regionalization of health services in British Columbia has involved the amalgamation of most major health services and facilities with health authorities—this means, for example, that former hospital or agency governance structures have been replaced by health authorities.

Within the larger context of legislation, policy, and Ministry of Health strategic direction, health authorities set priorities and plan for health services in their geographic areas. Health authorities allocate funds to health services within their areas and are the employers of staff and the funders of health services provided under contract.

Regionalization is based on the twin principles of autonomy and accountability. Autonomy means that health authorities are able to determine how to deliver and manage services. Accountability means that they do so within certain boundaries, namely the requirements and conditions established by the Minister and the Ministry of Health and articulated in ministry policy.

The Ministry of Health issued two policies to health authorities that are pertinent to our study—"Conduct of Health Authority Members" (board members) and "Standards of Conduct for Employees" (of health authorities).

The policy for health authority board members mainly contains standards that deal with conflict of interest. However, health authority board members are also given five duties, as shown in Exhibit 2.5.

For employees, the policy issued by the ministry does not contain standards as such, but requires that health authorities develop their own standards of conduct for their employees. These standards must address specific topics, as listed in the policy, and must be consistent with the requirements of the Human Rights Act, the Employment Standards Act, the Freedom of Information and Protection of Privacy Act, the

Exhibit 2.5

Duties of Health Authority Board Members

Duty of Integrity	to act honestly and in good faith
Duty of Loyalty	to give his or her undivided loyalty to the health authority
Duty of Diligence	to act in a diligent manner, keeping himself or herself informed about the policies, business and affairs of the health authority
Duty of Confidentiality	to ensure that confidential information obtained as a result of serving on a health authority is held in confidence and is divulged only when legally required
Duty of Prudence	to act carefully, deliberately, and cautiously, trying to foresee the probable causes of each proposed course of action

Source: Ministry of Health and Ministry Responsible for Seniors, "Governance Policy for Health Authorities," 1998

Workers' Compensation Act, and all applicable collective agreements. In this policy, the ministry refers to the "Standards of Conduct for Public Service Employees" (described in the next section) as an example of standards that are consistent with these legislative and other authorities.

In Exhibit 2.6, we have compared the topics (and duties) that ministry policy requires with the list of topics that we included on the survey sent to the other organizations discussed in this report.

The Ministry of Health policy also requires that "outside remuneration and volunteer work," "legal proceedings" and "working relationships" be included in the standards of conduct for employees. Although not included in our survey, these three topics are included in the "Standards of Conduct for Public Service Employees" which the ministry refers to in its policy.

The policy for the board members was established effective December 1997, although some parts were updated effective April 1998.

The standards for employees are to be developed by the boards, pursuant to ministry policy. That policy was issued in June 1998.

We contacted nine of the health authorities directly to determine the extent to which the standards for employees had been developed. Two told us they had developed standards

Exhibit 2.6

Comparison of Topics Covered by Ministry of Health Policies for Health Authorities with the Topics in our Survey

✓–Topic included in ministry policies	Board	Employees
General Topics		
obeying laws	–	–
general good conduct	✓	✓
discrimination	–	✓
environmental protection	–	–
service to the public	–	✓
oath of office	(see note)	–
Conduct of Services and Activities		
conflict of interest	✓	✓
avoidance of bias	✓	✓
safeguarding assets	–	–
gifts, bribes	✓	✓
non-political activities	–	✓
reporting breaches	–	✓
post employment activities	–	–
Public Disclosure and/or Confidentiality		
confidentiality	✓	✓
public comment	–	✓
public accountability	–	–
privacy protection	✓	✓
whistleblowing	–	✓
Note: Board members are not required to take an oath, but are required to sign a “statement of understanding” concerning the standards (and duties) they must abide by.		

Source: Prepared by the Office of the Auditor General

covering the requirements of the ministry’s policy, and seven said they were in the process of developing standards. Where the standards were not yet in place, the authorities told us that they expected their staff to follow the standards that would have applied to them prior to regionalization—for example, standards established by hospital boards, or, for ministry staff who used to work in health units, the standards of conduct for public service employees.

Public service standards of conduct

In the earlier exhibits in this report, we have shown the topics that we included in our survey and whether or not they were covered by the organizations' standards. For consistency, we included the same topics in this survey as we did in our previous public report in 1997.

The provincial government has recently revised the "Standards of Conduct for Public Service Employees" (public service employees are persons appointed under the Public Service Act). These standards are reproduced in Supplement 2. One of the topics that we were looking for (public accountability) is not covered by these public service standards. Other topics are only partly covered (obeying laws, safeguarding assets and protecting the environment are only partly covered by the standard "allegations of wrongdoing," which requires employees to report any situation that they believe contravenes the law, misuses public assets, or represents a significant danger to the environment). And conversely, there are three topics covered by the public service standards which we did not ask about: outside remuneration and volunteer work, legal proceedings, and working relationships.

The standards of conduct for employees of health authorities must, according to Ministry of Health policy, include at least those topics covered by the public service employee standards. We believe this would be beneficial for all public sector organizations.

Administering standards of conduct

Responsibility

The Provincial Government Policy Directive on Standards of Conduct sets out the responsibilities of deputy ministers, managers, supervisors and employees in administering the standards. These requirements include designating a senior official from whom others can seek clarification on matters covered by the standards, or on other ethical issues.

In the education sector, survey responses indicated that administering the standards is considered to be part of general management duties. Thus, for employees, line managers are responsible for administering standards, reporting to human resource departments and to the chief executive officer of the organization. Some boards were considered to be responsible individually and collectively for self-administration; for others, the responsibility was considered to be that of the

board chair, secretary or chief executive officer (i.e., the president of the university, college or institute, or the school superintendent, as the case may be).

One university has appointed a “conflicts administrator” to administer its board’s conflict of interest policy, and the Ministry of Health’s policy requires each health authority to designate someone to provide guidance on, and receive reports of breaches of, the standard on conflict of interest.

We believe that the responsibility for administering the standards should be formally designated to a senior official in each organization.

Keeping the standards up to date

The policies on standards of conduct for board members in health authorities, and their employees, were issued in 1997 and 1998, and so they are current. However, as previously noted, not all health authorities are in compliance with the policy, in that they have not yet prepared standards for their employees.

For the school districts, universities, colleges and educational institutes, the survey respondents told us that the standards are generally updated, or at least reviewed, on a regular basis. This might be an informal “as required” basis, or more formally—for example, every time a new board is elected or new board members are appointed.

However, in three cases (one college, two school districts) we were told that the standards were over 10 years old and had never been reviewed or updated. In one case, the standards were under review for the first time at the time of our survey. In the other two cases, the standards concerned conduct of board members, and so even though never reviewed in a formal sense, they would at least have been presented to the new board members as they were appointed or elected every few years.

Although it appears from these results that the standards, where they exist, are fairly current, we reiterate our findings reported earlier: namely, that not every organization has standards of conduct in place and, for those that do, the number of topics covered is often quite limited.

We also note that reviewing or updating standards “as required” can mean that this is done only when some activity comes to light that shows a deficiency in the standards, whereas a regular review might prompt a timely revision of the standards and thus prevent problems arising.

We believe that a formal process of review should be applied to the standards of conduct, as should be done for all public service organization policies. It is better to undertake this proactively than simply to react to problems as they arise.

Awareness and training

Standards of conduct will not be meaningful, nor will they be followed, unless they are communicated effectively.

We found that board members typically receive an orientation package upon their election or appointment, which includes the standards and policies of the organization. Some organizations also conduct presentations of the materials.

Most board members are required to formally acknowledge their awareness of all or part of the standards of their organization. The oath of office of school district trustees reads, in part, “I will comply with the requirements of the School Act that relate to conflict of interest.” The oath of office of board members of colleges and educational institutes states, in part, “I have read and agree to abide by the Code of Conduct and Conflict of Interest by-laws.” Health authority board members must sign a statement that states that they have “read and understand the Conduct of Health Authority Members Policy.” There is no similar formal acknowledgement required of university board members.

Employees also receive copies of standards as part of new employee orientation, but usually there is no ongoing refresher training for existing employees. The organizations that we contacted told us of informal mentoring processes for new employees or employees newly promoted or transferred. We were also told that regular staff meetings provide a forum to discuss the standards and to advise staff of new or changed standards where necessary. And when a new and significant policy is introduced (such as one pertaining to workplace harassment), then orientation and training is provided. One organization commented to us that, with the numbers of staff involved, it is not practical to hold training sessions for all staff. Instead the aim is to keep employee awareness of the existence of standards high, and to have people available to provide guidance and advice on particular topics, such as confidentiality and harassment.

One way to encourage awareness of the standards would be for organizations to have their members and staff periodically sign a “reminder” statement that they are aware of the organization’s standards and have complied with them.

Monitoring compliance

Apart from the one university board that has a conflicts administrator, we found no formalized proactive monitoring. The organizations in our survey said they rely on individual self-assessment, the normal supervisory activities of line managers, and the likelihood of complaints by others about an individual's transgressions. (Some standards require individuals to report breaches by others if they become aware of them.)

Where issues in the standards of conduct are also covered by human rights legislation, there are formalized reporting procedures for complaints, either in policy documents or in collective agreements.

Most of the survey respondents said that the reporting of concerns depends on the nature, circumstances and gravity of the issue. This determines to whom and to what level of authority in the organization the issue is reported to, and who might investigate.

In our survey, we asked whether any action had been taken by the organization in the previous two years involving concerns identified as a result of breaches of the standards.

Of the school districts that responded, 23% said they had taken action. (We asked about the general nature of the concerns, but not about what action was taken in the end.) No one concern stood out; issues about harassment, confidentiality and misconduct were reported by three different districts, and other matters such as conflict of interest and bias were mentioned once.

Only four colleges and educational institutes responded that they had to take action as a result of concerns over breaches of their standards. These concerns were over conflict of interest, harassment, confidentiality, and inappropriate use of college materials.

No university responded that they had to take action.

As the health authorities have only recently been required to have standards of conduct, we did not enquire about possible concerns.

Public reporting

We wanted to see if, as part of their ongoing process of being accountable, any of the school districts, colleges, educational institutes or universities we surveyed were publicizing their standards of conduct and their processes for administering them. We found that formal public reporting is not happening, although there is information available to the public. Values statements and operating policies are available, increasingly via the Internet, to those who look for them; and board meetings, except those covering certain in-camera matters, are open to the public. One organization told us that if an incident involving a breach of its standards was grave enough to be discussed at the board level, it would be public knowledge by being in the minutes.

In July 1998, the Ministry of Health published a “Ministry of Health Accountability Framework for British Columbia Health Authorities.” Although this document “does not present the precise terms of accountability between the Ministry of Health and health authorities,” it lays out ministry expectations of the authorities, which include compliance with legislation and ministry policy. Health authorities are to report to the Minister of Health and to the public on “how they have managed health care services under their jurisdiction.”

Comprehensive public sector accountability reporting is in the process of being developed, and our Office has issued joint reports with the Deputy Ministers’ Council on this subject. The final form and content of accountability reports have not been developed, and clearly public sector organizations cannot be expected to report on their compliance with each and every policy. However, we believe that it would be worthwhile for accountability reporting to include reference to standards of conduct.

Satisfaction with the standards, and possible areas of improvement

In our survey to school districts, colleges, educational institutes and universities, we asked respondents to indicate the degree to which they were satisfied with the effectiveness of their standards and policies in maintaining ethical standards in their organization. Fifty one percent of those who responded to our survey answered this question and, of these, 92% said they were “satisfied” or “very satisfied” and 8% said they were “unsatisfied” or “very unsatisfied.”

We did not find any correlation between the organizations that had not updated or reviewed their standards recently and respondent dissatisfaction with their standards.

We also asked survey respondents to tell us what they regarded as critical factors in encouraging ethical behaviour. Leadership by the board and senior management was the most common response, followed by promotion of the standards through staff development and formal training. Other factors included making sure that the standards were “visible,” using them in the hiring process, and developing standards with employee input.



recommendations

A high standard of conduct must be maintained, and be seen to be maintained, in the public sector. Based on our study of standards of conduct in British Columbia's education and health sectors, we concluded that some aspects of the content and administration of standards of conduct could be improved.

Accordingly, although our survey respondents did not report many instances of breaches of the standards of conduct they have, we offer the following recommendations for consideration by the Ministry of Advanced Education, Training and Technology, the Ministry of Education, and the Ministry of Health, being the ministries responsible for the province's education and health sector organizations:

- 1. Each public sector organization in the education and health sectors should have standards of conduct for its board members, senior officials and employees.***
- 2. There should be comprehensive and reasonably uniform standards of conduct for public business and the stewardship of public resources throughout the public sector. The government's Public Service Employee Relations Commission has issued "Standards of Conduct for Public Service Employees" and Ministry of Health policies require the health authorities to include the topics covered by these standards in their own standards for their employees. We believe that the province's publicly-funded school districts, colleges, educational institutes and universities should consider developing standards along the same lines.***
- 3. There should be a senior official in each organization who is designated as the standards-of-conduct officer, who is responsible for the administration of standards of conduct in the organization. The individual should be supported by a committee of the board or some other senior group.***
- 4. Formal processes should be established in each education and health sector organization to ensure that standards are reviewed on a regular basis, and updated where necessary.***
- 5. Orientation in ethical topics for existing officials and employees should be increased in all education and health sector organizations to sensitize individuals and heighten their awareness as to the requirements of the standards of conduct.***

- 6. Public accountability reporting about the existence of standards of conduct, their usefulness to the organization, and the processes for administering them should be considered by the education and health sector organizations so that the public is better informed about the existence and value of the standards.**
- 7. Monitoring for compliance with the standards of conduct on a periodic basis should be considered.**



supplement 1

List of organizations surveyed

School districts

05	Southeast Kootenay	57	Prince George
06	Rocky Mountain	58	Nicola-Similkameen
08	Kootenay Lake	59	Peace River South
10	Arrow Lakes	60	Peace River North
19	Revelstoke	61	Greater Victoria
20	Kootenay-Columbia	62	Sooke
22	Vernon	63	Saanich
23	Central Okanagan	64	Gulf Islands
27	Cariboo-Chilcotin	67	Okanagan Skaha
28	Quesnel	68	Nanaimo-Ladysmith
33	Chilliwack	69	Qualicum
34	Abbotsford	70	Alberni
35	Langley	71	Comox Valley
36	Surrey	72	Campbell River
37	Delta	73	Kamloops/Thompson
38	Richmond	74	Gold Trail
39	Vancouver	75	Mission
40	New Westminster	78	Fraser Cascade
41	Burnaby	79	Cowichan Valley
42	Maple Ridge-Pitt Meadows	81	Fort Nelson
43	Coquitlam	82	Coast Mountains
44	North Vancouver	83	North Okanagan-Shuswap
45	West Vancouver	84	Vancouver Island West
46	Sunshine Coast	85	Vancouver Island North
47	Powell River	87	Stikine
48	Howe Sound	91	Nechako Lakes
49	Central Coast	92	Nisga'a
50	Haida Gwaii-Queen Charlotte	93	Francophone Education Authority
51	Boundary		
52	Prince Rupert		
53	Okanagan Similkameen		
54	Bulkley Valley		

Colleges and educational institutes

British Columbia Institute of Technology
Camosun College
Capilano College
College of New Caledonia
College of the Rockies
Douglas College
Emily Carr Institute of Art and Design
Institute of Indigenous Government
Justice Institute of British Columbia
Kwantlen University College
Langara College
Malaspina University College
Nicola Valley Institute of Technology
North Island College
Northern Lights College
Northwest Community College
Okanagan University College
Open Learning Agency
Selkirk College
University College of the Cariboo
University College of the Fraser Valley
Vancouver Community College

Universities

Royal Roads University
Simon Fraser University
Technical University of British Columbia
University of British Columbia
University of Northern British Columbia
University of Victoria



supplement 2

Standards of conduct for public service employees

Objective	The objective of this policy directive is to describe the standards of conduct required of all employees.
Application and Scope	This policy directive applies to all persons appointed under the Public Service Act.
Principles	The Government of British Columbia believes that the highest standards of conduct among public service employees are essential to maintain and enhance the public's trust and confidence in the public service.

Mandatory Requirements

General	The requirement to comply with these standards of conduct is a condition of employment. Employees who fail to comply with these standards may be subject to disciplinary action up to and including dismissal. Employees should contact their ministry personnel office for advice and assistance on the interpretation or application of this policy directive.
Loyalty	Public service employees have a duty of loyalty to the government as their employer. The duty of loyalty, committed to in the Oath of Employment, requires public service employees, irrespective of political preferences or affiliations, to serve the government of the day to the best of their ability. The honesty and integrity of the public service demands that the impartiality of employees, in the conduct of their duties, be above suspicion. Employees' conduct should instill confidence and trust and must not bring the public service into disrepute.
Confidentiality	Confidential information that employees receive through their employment must not be divulged to anyone other than persons who are authorized to receive the information. Employees who are in doubt as to whether certain information is confidential must ask the appropriate authority before disclosing it. Caution and discretion in handling confidential information extends to disclosure made inside and outside of government and continues to apply after the employment relationship ceases. Confidential information that employees receive through their employment must not be used by an employee for the purpose of furthering any private interest, or as a means of making personal gains. See the Conflicts of Interest section of this policy directive for details.
Public Comments	Public service employees are free to comment on public issues but must exercise caution to ensure, that by doing so, they do not jeopardize the perception of impartiality in the performance of their duties. For this reason, care should be taken in making comments or entering into public debate regarding their ministry policies. Public service employees must not use their position in government to lend weight to the public expression of their personal opinions.
Political Activity	Public service employees are free to participate in political activities including belonging to a political party, supporting a candidate for elected office and actively seeking elected office. Employees' political activities, however, must be clearly separated from activities related to their employment. If engaging in political activities, employees must be able to retain the perception of impartiality in relation to their duties and responsibilities. Employees must not engage in political activities during working hours or use government facilities, equipment or resources in support of these activities. Partisan politics at the local, provincial or national levels are not to be introduced into the workplace. This does not apply to informal private discussions among co-workers.

Service to the Public Public service employees must provide service to the public in a manner that is courteous, professional, equitable, efficient and effective. Employees must be sensitive and responsive to the changing needs, expectations and rights of a diverse public while respecting the legislative framework within which service to the public is provided.

Workplace Behaviour The conduct and language of public service employees in the workplace must meet acceptable social standards and must contribute to a positive work environment. An employee's conduct must not compromise the integrity of the public service. Employees are to treat each other in the workplace with respect and dignity and must not engage in discrimination or harassment based on any of the prohibited grounds covered by the Human Rights Code. The prohibited grounds are race, colour, ancestry, place of origin, religion, family status, marital status, physical disability, mental disability, sex, sexual orientation, age, political belief or conviction of a criminal or summary offence unrelated to the individual's employment. Employees and supervisors should refer to Personnel Management Policy Directive 3.1, Human Rights in the Workplace—Discrimination and Harassment, for additional information on appropriate workplace behaviour.

Conflicts of Interest A conflict of interest occurs when an employee's private affairs or financial interests are in conflict, or could result in a perception of conflict, with the employee's duties or responsibilities in such a way that:

- the employee's ability to act in the public interest could be impaired; or
- the employee's actions or conduct could undermine or compromise:
 - the public's confidence in the employee's ability to discharge work responsibilities, or
 - the trust that the public places in the public service.

While the government recognizes the right of public service employees to be involved in activities as citizens of the community, conflict must not exist between employees' private interests and the discharge of their public service duties. Upon appointment to the public service, employees must arrange their private affairs in a manner that will prevent conflicts of interest, or the perception of conflicts of interest, from arising. Employees with questions regarding interpretation of the policy may discuss them with the designated ministry contact. Employees who find themselves in an actual, perceived or potential conflict of interest must disclose the matter to the designated ministry contact, their supervisor or manager. Employees who fail to disclose may be subject to disciplinary action up to and including dismissal.

Examples of conflicts of interest include, but are not limited to, the following:

- an employee uses government property or the employee's position, office or government affiliation to pursue personal interests;
- an employee is in a situation where the employee is under obligation to a person who might benefit from or seek to gain special consideration or favour;
- an employee, in the performance of official duties, gives preferential treatment to an individual, corporation or organization, including a non-profit organization, in which the employee, or a relative or friend of the employee, has an interest, financial or otherwise;
- an employee benefits from, or is reasonably perceived by the public to have benefited from, the use of information acquired solely by reason of the employee's employment;
- an employee benefits from, or is reasonably perceived by the public to have benefited from, a government transaction over which the employee can influence decisions (for

example, investments, sales, purchases, borrowing, grants, contracts, regulatory or discretionary approvals, appointments);

- an employee requests or accepts from an individual, corporation or organization, directly or indirectly, a personal gift or benefit that arises out of their employment in the public service, other than:
 - the exchange of hospitality between persons doing business together,
 - tokens exchanged as part of protocol,
 - the normal presentation of gifts to persons participating in public functions, or
 - the normal exchange of gifts between friends.
- an employee solicits or accepts gifts, donations or free services for work-related leisure activities other than in situations outlined above.

**Allegations
of Wrongdoing**

Employees have a duty to report any situation that they believe contravenes the law, misuses public funds or assets, or represents a danger to public health and safety or a significant danger to the environment. Employees can expect such matters to be treated in confidence, unless disclosure of information is authorized or required by law (for example, the Freedom of Information and Protection of Privacy Act). Employees will not be subject to discipline or reprisal for bringing forward to a deputy minister, in good faith, allegations of wrongdoing in accordance with this policy directive. Employees must report their allegations or concerns as follows:

- members of the BCGEU must report in accordance with Article 32.13;
- PEA members must report in accordance with Article 36.12;
- other employees must report, in writing, to their deputy minister who will acknowledge receipt of the submission, investigate the matter and respond in writing within 30 days after receiving the employee's submission. Where an allegation involves the deputy minister, the employee must forward the allegation to the Deputy Minister to the Premier.

Employees must report a safety hazard or unsafe condition or act in accordance with the provisions of Sections 8.10 and 8.24 of the WCB Occupational Health and Safety Regulations.

Where an employee believes that the matter has not been resolved by the deputy minister, the employee may then refer the allegation to the appropriate authority. If the employee decides to pursue the matter further then:

- allegations of illegal activity must be referred to the police;
- allegations of a misuse of public funds must be referred to the Auditor General;
- allegations of a danger to public health must be brought to the attention of health authorities; and
- allegations of a significant danger to the environment must be brought to the attention of the Deputy Minister, Ministry of Environment, Lands and Parks.

Legal Proceedings

Employees must not sign affidavits relating to facts that have come to their knowledge in the course of their duties for use in court proceedings unless the affidavit has been prepared by a lawyer acting for government in that proceeding or unless it has been approved by a ministry solicitor in the Legal Services Branch, Ministry of Attorney General. In the case of affidavits required for use in arbitrations or other proceedings related to employee relations, the Labour Relations Branch, PSERC, will obtain any

necessary approvals. Employees are obliged to cooperate with lawyers defending the Crown's interest during legal proceedings. A written opinion prepared on behalf of government by any legal counsel is to be treated as subject to solicitor/client privilege and is, therefore, confidential. Such an opinion is not to be released to persons outside the public service without prior written approval by the Legal Services Branch.

Working Relationships Employees who are direct relatives or who permanently reside together may not be employed in situations where:

- a reporting relationship exists where one employee has influence, input or decision-making power over the other employee's performance evaluation, salary, premiums, special permissions, conditions of work and similar matters; or
- the working relationship affords an opportunity for collusion between the two employees that would have a detrimental effect on the Employer's interest.

The above restriction on working relationships may be waived provided that the deputy minister is satisfied that sufficient safeguards are in place to ensure that the Employer's interests are not compromised.

Personnel Decisions Employees are to disqualify themselves as participants in personnel decisions when their objectivity would be compromised for any reason or a benefit or perceived benefit could accrue to them. For example, employees are not to participate in staffing actions involving direct relatives or persons living in the same household.

Outside Remunerative and Volunteer Work Employees may engage in remunerative employment with another Employer, carry on a business, receive remuneration from public funds for activities outside their position or engage in volunteer activities provided it does not:

- interfere with the performance of their duties as a public service employee;
- bring the government into disrepute;
- represent a conflict of interest or create the reasonable perception of a conflict of interest;
- appear to be an official act or to represent government opinion or policy;
- involve the unauthorized use of work time or government premises, services, equipment or supplies to which they have access by virtue of their public service employment; and
- gain an advantage that is derived from their employment as a public service employee.

Employees who are appointed as directors or officers of Crown corporations are not to receive any additional remuneration beyond the reimbursement of appropriate travel expenses except as approved by the Lieutenant Governor in Council.

Responsibilities Ministries Deputy Ministers are responsible for:

- ensuring that the provisions of this policy directive are met;
- ensuring that employees are advised of the required standards of conduct and understand the consequences of non-compliance;
- designating a ministry contact for matters related to standards of conduct;
- ensuring that all possible breaches of the policy directive are thoroughly investigated;
- based on the results of an investigation, ensuring that appropriate action is taken;
- ensuring that confidential information is handled with caution and discretion;

- waiving the provision on working relationships under the circumstances indicated; and
- delegating authority and responsibility, where applicable, to apply this policy directive within their organization.

Supervisors and managers are responsible for:

- advising staff on standards of conduct issues;
- ensuring that confidential information is handled with caution and discretion; and
- assisting staff in the resolution of conflicts of interest.

Employees are responsible for:

- fulfilling their assigned duties and responsibilities, objectively and loyally, regardless of the party or persons in power and regardless of their personal opinions;
- disclosing and resolving conflicts of interest situations in which they find themselves;
- maintaining appropriate workplace behaviour; and
- checking with their designated ministry contact, supervisor, manager or personnel advisor when they are uncertain about any aspect of this policy directive, including:
 - the appropriateness of receiving outside remuneration,
 - potential, perceived or actual conflicts of interest, and
 - releasing any information that may be confidential.

Legislative Authorities

Public Service Act
 Human Rights Code
 Freedom of Information and Protection of Privacy Act
 Workers Compensation Act
 Occupational Health and Safety Regulations

**Other Authorities
 and References**

- B.C. Government and Service Employees' Union Master Agreement, Article 1.8, Article 32
- Nurses Master and Component Agreements, Article 30
- The Professional Employees Association Master and Subsidiary Agreements, Article 36
- Personnel Management Policy, Human Rights in the Workplace—Discrimination and Harassment

Effective Date

October 22, 1997

Source: Public Service Employee Relations Commission



response of the ministry education

Ministry of Education staff have reviewed the report and its recommendations and considered their application to the K-12 public education system.

As you are aware, school boards are separate corporate entities which possess powers assigned to them under the School Act. School boards have the authority to determine standards of conduct for their trustees and employees. While the Ministry of Education does not have authority to require school boards to implement a set of conduct standards, we will ensure that the boards are aware of the recommendations contained in the report and provide them with a copy of "Standards of Conduct for Public Services Employees," as proposed in Supplement 2.



response of the ministry of advanced education, training and technology

Thank you for the opportunity to comment on the Auditor General's report on Standards of Conduct in the Education and Health Sectors. The Ministry acknowledges the importance of developing and implementing appropriate and consistent standards of conduct within public post-secondary institutions.

The Ministry appreciated receiving the information contained in the report on the existing standards of conduct policies and their implementation at post-secondary institutions. The detailed recommendations on areas where additional improvements can be made were helpful.

In accordance with the provincial legislation, the Ministry expectation is that public post-secondary institutions establish and maintain processes to deal with such matters. The Ministry will forward a copy of the finalized report to the board of each institution for their consideration, encouraging them to respond to the proposed recommendations as appropriate. It should be noted that institutions across the system are in different stages of development and therefore, the status of standards of conduct policies will vary depending on circumstances.



response of the ministry of health

Thank you for the opportunity to comment on your report on Standards of Conduct in the Education and Health Sectors.

Regionalization in British Columbia is based on the delegation of authority for the governance and management of most health services to local health authorities. Accordingly, health authorities are required by Ministry policy to develop standards of conduct for their employees. These standards of conduct must, at a minimum, include the topics covered by Standards of Conduct for Public Service Employees.

The Ministry was gratified to find, among your conclusions, a favourable recognition of the Ministry's approach requiring health authorities to develop policies for standards of conduct. Your recommendation that the topics covered in the Standards of Conduct for Public Services Employees are effective in establishing a comprehensive and uniform set of standards supports the policy direction the Ministry has taken.

The Ministry aims to ensure a high standard of conduct by the governors and employees of health authorities. Our policies are continually reviewed and are updated whenever warranted. Changes in policy are communicated to health authorities; governors and staff are directed to revise their policies and procedures accordingly.

It is the Ministry's expectation that health authorities will equally demonstrate their commitment to a high standard of conduct by completing the development of their own standards of conduct for their employees, in accordance with Ministry requirements. It is also expected health authorities will establish formal processes whereby standards are reviewed regularly and updated as necessary.

As part of the Ministry's ongoing role to give clear direction to health authorities and ensure those expectations are met, the Ministry will give full consideration to modifying our policy requirements to include new provisions that meet the intent of Recommendations 3 and 4.

The Ministry considers that Recommendations 5 and 6 fall within the health authorities' scope of responsibility. Accordingly, the Ministry expects health authorities will work towards instituting mechanisms by which existing officials and employees are provided orientation to the requirements of good conduct and the public is informed about the existence, value and administration of standards of conduct.

Finally, the Ministry fully supports the intention in Recommendation 7. The Ministry is committed to a cycle of accountability that includes monitoring for performance results.



status of public accounts
committee recommendations
relating to prior years'
compliance audits



table of contents

Status of Public Accounts Committee Recommendations Relating to Prior Years' Compliance Audits

Introduction	95
Loss Reporting in Government	96
Waste Management Permit Fees	98
Motor Dealer Act	100
Privacy—Collection of Personal Information by the Ministry of Health	104
Ethics Codes in the Public Sector	111
Government Employee Numbers	117
Home Support Services	119
Safeguarding Moveable Physical Assets: Public Sector Survey	124
Consumer Protection Act—Income Tax Refund Discounts	126
Financial Administration Act Part 4: Follow-up	127
Elevating Devices Safety Act	128
Financial Administration Act: Guarantees and Indemnities	131
Land Tax Deferment Act	134
Statutory Tabling Requirements	136
Safeguarding Moveable Physical Assets	139
Treatment of Unclaimed Money	144
Compliance with the Financial Disclosure Act	147
Compliance with Financial Information Act, Regulation, and Directive	148
Summary of Audit Reports and Related Recommendations	149

status of public accounts committee recommendations relating to prior years' compliance audits

Introduction

In each of our audit reports we provide comments and recommendations, most of which are subsequently endorsed by the Select Standing Committee on Public Accounts and adopted as recommendations in its reports to the Legislative Assembly. It is useful for the Committee and the public to be advised periodically of the status of implementation of these recommendations.

This section provides the text of each of the Committee's recommendations, relating to prior years' compliance-with-authorities audits, that had not been implemented at the time of the last status report (1996/97 Report 10 issued in June 1997). Between March and July 1999 we obtained from ministries and other agencies, for publication, updated responses as to the status of implementation of the Committee's recommendations. We rely on these Deputy Minister representations, along with amendments to pertinent statutes and other authorities and other more detailed corroborating information from government officials, when we comment on whether or not recommendations have been implemented.

The following section includes the Committee's outstanding recommendations, the latest responses we have received, and our comments thereon.

A complete listing of the compliance-with-authorities audits and reviews can be found at the end of this section. The table lists all reports issued since 1991 and indicates whether the recommendations from each report were endorsed by the Public Accounts Committee and the extent to which the recommendations have been implemented.



loss reporting in government

(auditor general 1997/98 report 4, march 1998)

Recommendations of the Select Standing Committee on Public Accounts, July 1998 Report

Your committee recommends that the Government implement the Auditor General's seven recommendations that the Risk Management Branch namely,

- ***(implemented) advise all ministries generally, and in particular the Ministries of Human Resources, Forests, Health and Transportation and Highways, of the necessity to comply with Treasury Board policy about reporting all losses to the branch, and that the branch take follow-up steps to ensure that government asset loss reporting policies are followed by ministries;***
- ***(implemented) remind all ministries of the Treasury Board requirement to report to their ministry executive and the Risk Management Branch all losses of, or damage to, government assets;***
- ***review any new arrangement concerning government vehicles and ensure that it is made clear whether or not ministries have to report loss or damage to vehicles in accordance with Treasury Board policies in the Financial Management Operating Policy Manual;***
- ***(implemented) remind all ministries of the Treasury Board requirement to forward government asset loss reports to the Risk Management Branch within 48 hours of the discovery of the loss;***
- ***(implemented) remind all ministries to include their estimate of the amount of each government asset loss in the reports they provide to the branch;***
- ***(implemented) comply with Treasury Board policy and provide to the Office of the Comptroller General a monthly summary of the losses reported to the branch; and***
- ***publish annual summarized statistics of reported government asset losses, perhaps as part of its ministry's annual report.***

Response of the Ministry of Finance and Corporate Relations

The Ministry's Risk Management Branch (RMB) has been in communication with all ministries, and will be seeking a year-end summary of losses for their areas. All ministries have been advised through the RMB newsletter, and meetings of the ministry security officers, of government loss reporting requirements. There has been significant improvement in ministry reporting of losses within 48 hours of discovery, and in reports of ministry loss estimates to the branch.

In addition, RMB:

- provides monthly reports to the Office of the Comptroller General and the Auditor General, as well as individual ministries. This latter action has prompted improved reporting on the part of a number of ministries; and
- will begin publishing statistics and an annual summary of reported government losses for the fiscal year 1998/1999.

In cooperation with the Office of the Comptroller General, the branch has reviewed central agency policy for loss reporting outlined in FMOP Chapter 10. Section 10.10 will be revised, as it is not always necessary for a FIN 597 Loss Report to be completed. At a minimum, for loss situations where reporting and investigation procedures have been adequately handled by the ministry involved, an annual summary of the loss must be provided to RMB.

In addition, RMB has been working on various methods of electronic reporting and expects to be able to implement some of these shortly. Discussions with ministries have uncovered reporting options, which will significantly improve reporting with minimal time and resources.

Comment by the Office of the Auditor General on the Response of the Ministry

We are pleased that the Risk Management Branch has implemented five of the seven recommendations contained in our report. We look forward to reviewing any policy amendments that will address the reporting requirements under the new vehicle leasing arrangement and to the loss statistics published in the RMB annual report.



waste management permit fees

(auditor general 1997/98 report 4, march 1998)

Recommendations of the Select Standing Committee on Public Accounts, July 1998 Report

Your committee recommends that the Ministry of Environment, Lands and Parks implement the Auditor General's four recommendations, namely: that the Ministry of Environment, Lands and Parks:

- ***(implemented) review data input procedures to ensure that the waste management permit data captured for fee calculation purposes are recorded accurately;***
- ***(implemented) review instructions to regional staff to ensure that the policy on fee calculation is applied uniformly in all regions;***
- ***(implemented) review the invoice-on-hold procedures to ensure that ministry approval policy has been complied with and that follow-up procedures are taken to ensure invoices are subsequently issued on a timely basis; and***
- ***(implemented) post invoice summary information to the government control account on a timely basis in order to comply with government financial management policy.***

Response of the Ministry of Environment, Lands and Parks

The recommendations and update are noted in order below:

- There are procedures in place to address the first recommendation and staff have been reminded to pay particular attention to data input to ensure correct data is transferred to the computer system. In addition, the ministry conducts internal pre-invoice audits to detect and correct any errors. The last pre-invoice audit was conducted June 1999 for July 1999 invoicing. The next audit will be completed July, 1999 for August, 1999 invoicing.
- The ministry's Waste Management Permit Fees System Procedure Manual dated August 2, 1995, Procedure No.8/1/05.00 addresses the second recommendation. The need to follow procedures is continually reinforced to regional staff through correspondence and conference calls between staff in the regions and in Victoria.

- The ministry has reviewed and tightened these procedures related to the third recommendation. Invoice-on-hold requests are reviewed monthly and not allowed unless approved by the Director. Similarly, follow-up actions are taken monthly to ensure invoices are issued in a timely manner.
- The ministry has changed posting procedures from annual to quarterly to address the fourth recommendation.

Comment by the Office of the Auditor General on the Response of the Ministry

We are pleased that the Ministry of Environment has implemented all four of the recommendations contained in our report.



motor dealer act

(auditor general 1997/98 report 4, march 1998)

Recommendations of the Select Standing Committee on Public Accounts, July 1998 Report

Your committee recommends that the Ministry of the Attorney General implement the Auditor General's 18 recommendations, namely that:

- ***(resolved) the Ministry of Attorney General seek removal from the Motor Dealer Act Regulation, of the requirement to use prescribed registration, renewal, amendment and cancellation forms, and substitute a requirement for information to be in writing and in a form acceptable to the Registrar of Motor Dealers;***
- ***(implemented) all motor dealer applicants who are refused registration, and all dealers whose registrations have not been renewed, be informed of their right to a hearing, as prescribed in section 6 of the Motor Dealer Act;***
- ***(implemented) the Registrar of Motor Dealers review each dealer file when the dealer's registration comes up for renewal, and that this review be evidenced in writing;***
- ***the Registrar of Motor Dealers provide ministry investigators with written instructions outlining the objectives of routine motor dealer inspections, minimum inspection procedures, and standard administrative practices;***
- ***(implemented) as a standard management control, the Manager of Compliance regularly review motor dealer inspection reports;***
- ***the motor dealer inspection report be revised to include details of the amount and type of work performed, and more accurate and comprehensive checklist for requirements of purchase and sale, lease, and consignment agreements;***
- ***(implemented) the Registrar institute a requirement to inspect new motor dealers soon after they have commenced operations;***
- ***the Registrar develop a risk-based inspection system that incorporates dealer inspection and complaint histories as a significant factor in determining the timing of subsequent inspections;***

- ***(implemented) for every investigation involving a motor dealer performed by the Ministry of Attorney General's community justice investigators, an investigation summary should be forwarded to the Registrar of Motor Dealers;***
- ***during routine inspections, ministry investigators take copies of all contract forms used by motor dealers, and forward them to the Registrar for detailed review;***
- ***the Motor Dealer Act Inspection Report be amended to include a question about whether the advertised price of vehicles is the total asking price, inclusive of accessories and items of optional equipment that are physically attached to it, transportation charges for its delivery to the dealer, and any pre-delivery and inspection service charged by the dealer;***
- ***(implemented) the Registrar of Motor Dealers periodically compare advertising from all regions of the Province, and direct investigators to take appropriate action where advertising does not meet the requirements of the Motor Dealer Act, and that the Manager of Compliance review advertising to ensure compliance with other relevant legislation;***
- ***(implemented) the Registrar of Motor Dealers require the examination of odometers and supporting documents as part of routine motor dealer inspections;***
- ***(implemented) the Registrar of Motor Dealers periodically review automotive advertising for evidence of unregistered curbside sellers;***
- ***the Registrar of Motor Dealers require investigators to review documentation supporting lease transactions, and that this requirement be incorporated into the ministry inspection report;***
- ***the Registrar of Motor Dealers require ministry investigators to periodically confirm the existence and proper use of consignment trust accounts and agreements;***
- ***the Registrar of Motor Dealers, in conjunction with the Manager of Compliance, develop guidelines for the appropriateness of issuing tickets and the laying of charges; and***
- ***(implemented) a copy of all enforcement summaries relating to motor dealers be provided by ministry investigators to the Registrar of Motor Dealers.***

Response of the Ministry of Attorney General

- Renewal, amendment and cancellation forms are no longer required. The application form is a legislated requirement and will not be changed at this time.
- All letters of refusal of registration or renewal to applicants or dealers now include a statement informing dealers of their right to a hearing.
- The registrar currently reviews all dealers' files at renewal and notes this in the dealer's file.
- A Division Policy and Procedures manual is under development and will include objectives of the routine inspection process, minimum inspection procedures, standard administrative practices, and guidelines for issuing tickets and laying of charges.
- The Manager of Compliance now receives a copy of all completed inspections reports
- New inspection forms have been developed and include a comprehensive checklist for requirements of purchase and sale, lease and consignment agreements.
- All new dealers are to be inspected within six months of commencement of operations.
- A new computer licensing system that will generate a risk based next inspection date has been installed and will be implemented in the next two years.
- Investigation summaries for motor dealers are forwarded to the Registrar.
- Irregular contract forms used by motor dealers are forwarded to the Registrar for review.
- The new inspection forms developed include a comprehensive checklist for advertising, transportation and pre-delivery requirements.
- Advertising is reviewed for compliance with the Motor Dealer Act. The Manager of Compliance reviews advertising for compliance with the Trade Practices Act and checks for consistency in enforcement action taken by ministry investigators.
- The examination of odometers and of supporting documents is now part of routine inspections.

- Advertisements are periodically reviewed for evidence of unregistered dealers.
- The new inspection forms include a requirement to review supporting documents for all leasing transactions.
- The new inspection forms include a requirement to review the proper use of consignment trust accounts.
- A Division Policy and Procedures manual is under development and will include guidelines for issuing tickets and laying of charges.
- Enforcement summaries for motor dealers are now forwarded to the Registrar.

Comment by the Office of the Auditor General on the Response of the Ministry

We are pleased that the Registrar of Motor Vehicles has implemented or resolved 10 of our 18 recommendations. We look forward to the release of the new policy and procedures manual, the new inspection forms and the computer licensing system currently under development.



privacy—collection of personal information by the ministry of health

(auditor general 1996/97 report 10, june 1997)

Recommendations of the Select Standing Committee on Public Accounts, March 1998 Report

The Committee recommends that the government endorse the 15 recommendations appearing in the Report of the Auditor General on the matter of the collection of personal information by the Ministry of Health.

The Auditor General's Recommendations

General Recommendation

(Implemented) We recommend that all Ministry of Health staff collecting personal information from the public receive adequate training and guidance concerning the privacy requirements of the Freedom of Information and Protection of Privacy Act and the FIPPA Policy and Procedures Manual.

Recommendations Regarding Section 26 of FIPPA

(Implemented) In order to improve compliance with section 26 of the Freedom of Information and Protection of Privacy Act and related policies, we recommend that the Ministry of Health discontinue collecting Social Insurance Numbers, except in programs where it is necessary for dealing with a federal government department authorized to use this personal identifier.

Recommendations Regarding Section 27(1) of FIPPA

In order to improve compliance with section 27 (1) of the Freedom of Information and Protection of Privacy Act and related policies, we recommend that Ministry of Health:

- ***(resolved) programs responsible for collecting personal information should, except where exempted by legislation or the Information and Privacy Commissioner, seek the written permission of the person about whom the information pertains before initiating the collection of personal information from third parties; and***

- ***(resolved) staff who obtain verbal consent to collect personal information from other sources, document the consent and follow it up by a letter verifying the consent.***

We recommend that the Ministry of Health apply to the Information and Privacy Commissioner under section 42 (1) (i) of the Freedom of Information and Protection of Privacy Act for:

- ***authorization to collect from third parties in specific situations where there is no other legislative provision to allow for such collection, and circumstances are encountered which preclude obtaining an individual's permission, or where to do so would compromise care provided to the patient; and***
- ***authorization to receive unsolicited collections of personal information, in certain specified circumstances, that are not allowed under another Act.***

We recommend that, in compliance with the Freedom of Information and Protection of Privacy Act, section 34 (2), the minister responsible, being the Minister of Employment and Investment, publish annually a list of the consistent purposes for which personal information is to be used or disclosed.

Recommendations Regarding Section 27(2) of FIPPA

In order to improve compliance with section 27 (2) of the Freedom of Information and Protection of Privacy Act and related policies, we recommend that Ministry of Health:

- ***(resolved) programs notify persons of the reason for which their personal information is needed and the likely major uses that will be made of it;***
- ***(resolved) programs provide the notice described in FIPPA section 27 (2), in writing, to all persons supplying personal information. In the absence of other means of written notice, all Ministry of Health forms used to collect personal information should contain this notice;***
- ***(resolved) programs that routinely collect personal information on an ongoing basis explicitly state this fact in the notice provided when information is first collected, and state the purpose, legal authority, and the title, business address, and telephone number of a person who can answer questions about these future collections, if any of these should differ from the initial collection;***

- **provide notice to all persons who are providing personal information to the ministry on an ongoing basis. This notice could be given at a time when the ministry plans to send other information to individuals.**

We recommend that the Ministry of Health apply to the Minister responsible for the Freedom of Information and Protection of Privacy Act, the Minister of Employment and Investment, under section 27 (3) (b):

- **to be excused from the requirement to provide notice for mental health services, where providing notice would create a significant likelihood of a substantial adverse effect on the provision of health care in individual cases. If this exemption is allowed, the reason for its application in individual cases should be fully documented in the patient's file and approved by the senior on-site program manager or director; and**
- **to be excused from the requirement to provide notice for ambulance service and other specified programs, in emergency situations.**

Other Recommendations

We recommend that the Ministry of Health apply to the Information and Privacy Commissioner under section 42 (1) (i) of the Freedom of Information and Protection of Privacy Act, for permission to collect patient information from private physicians where both the physician and a program of the ministry are providing care to the same patient.

(resolved) We recommend that in instances where the Ministry of Health intends to deliver services to mature minors without the consent of parents or guardians, the requirements of the Infants Act section 16 (3) to determine the appropriateness of such action, be documented in writing, in accordance with ministry policy.

Response of the Ministry of Health General

The Ministry offers training workshops to the staff of the Ministry and to the staff of Health Authorities through its eight-person department, Information and Privacy Branch. Since September 1997, Information and Privacy Branch has conducted 31 workshops for Ministry and 15 workshops for Health Authorities' staff. The training is mandatory for new

Ministry staff. Information and Privacy Branch uses training and materials that it has developed that specifically address the collection of personal information from the public.

In addition, Information and Privacy Branch developed a user-friendly booklet titled “Overview of the Freedom of Information and Protection of Privacy Act”. The booklet covers the collection of personal information from the public. The Ministry has distributed approximately 1,500 copies of this booklet.

Information and Privacy Branch also developed an orientation package on freedom of information and protection of privacy, which includes the Overview. The Ministry’s Human Resources Division distributes this package to all new Ministry employees.

Section 26 of FIPPA

The two programs that used Social Insurance Numbers, were Medical Services Plan and Foodsafe. Medical Services Plan revised its registration forms in early 1998 and now collects Social Insurance Numbers only when required for confirming program eligibility with the federal government, e.g., taxable income must be confirmed for premium assistance. The current Foodsafe program registration forms no longer ask for Social Insurance Numbers.

Section 27(1) of FIPPA

The Information and Privacy Branch holds training workshops for the staff of the Ministry and the staff of Health Authorities. Training covers obtaining written permission from the person about whom the information pertains before initiating the collection of personal information from third parties. Training and materials that the Information and Privacy Branch has developed, specifically address seeking this written approval.

Information and Privacy Branch has recently completed a mail-out to Health Authorities on freedom of information and protection of privacy. A guide that program staff can modify to create an information sheet, which they can give to clients to explain information and privacy issues, is included in the information. The mailing addresses the requirement to obtain written permission from the person about whom the information pertains before initiating the collection of personal information from third parties.

Application to the Information and Privacy Commissioner

The Information and Privacy Branch is working with the staff of the Office of the Information & Privacy Commissioner regarding authorization from the Privacy Commissioner for the solicited and unsolicited collection of essential personal information from third parties in specific circumstances.

The Information and Privacy Branch has prepared and forwarded a draft submission regarding this authorization to the Office of the Information & Privacy Commissioner staff for comments. The Health Association of British Columbia, which represents Health Authorities, has been consulted regarding the draft submission and has indicated it will give the submission its full support.

However, further discussions are required with the Office of the Information & Privacy Commissioner staff regarding an eventual formal submission. The Office of the Information & Privacy Commissioner staff have expressed concern that the additional authority that the Ministry requires may be too broad to be appropriately addressed by an authorization and would prefer that the Ministry resolve this issue through a change in legislation.

Section 27(2) of FIPPA

The Information and Privacy Branch has recently completed a mail-out to Health Authorities on freedom of information and protection of privacy. The Information includes a guide that can be modified and used by program staff to create a handout to notify persons of the reason for which their personal information is needed and the likely major uses that will be made of it.

The Ministry assigned a manager from the Information and Privacy Branch to work with the Ministry's Forms Officer on an ongoing basis to ensure Ministry forms meet FIPPA's requirement to provide notice. When the Ministry revises an existing form or designs a new form, the manager reviews the form to determine whether a notice is required.

The Information and Privacy Branch has included a guide in the mail-out to Health Authorities on freedom of information and protection of privacy. Program staff can adapt the guide for the purposes of their programs. It covers the requirement to notify persons, when information is first collected, of: (1) the purpose and legal authority for collecting information; and, (2) the title, business address and telephone number of a person who can answer questions about the collection of personal information.

In addition, the Information and Privacy Branch provides a “hotline” as a resource for Ministry and Health Authorities’ personnel who have questions or concerns regarding information and privacy issues.

The Ministry considered adding a notice to a Medical Services Plan mailing as suggested in the text of the audit report from the Office of the Auditor General. The cost of the notice, added to a mailing to subscribers, would be a relatively inexpensive method of contacting health care subscribers. However, the cost is not necessarily justifiable. Subscribers’ spouses and dependents would not inevitably see the notice. Subscribers might not relate to or personalize the information if they were not currently dealing with a health care program. The Ministry is also concerned that taxpayers could view the notice as unnecessary government expense.

However, the Ministry has an ongoing program to ensure Ministry forms meet FIPPA’s requirements. When the Ministry revises an existing form or designs a new form, an assigned manager from the Information and Privacy Branch reviews the form. The manager determines whether the form should notify persons of the reasons for and likely use of their personal information.

The Ministry is working towards obtaining authorization, from the Information & Privacy Commissioner, for the collection of essential personal information from third parties in specific circumstances. As previously noted, the need for legislative change has been included in a formal submission to the Legislative Committee reviewing FIPPA.

Information and Privacy Branch concluded it was not appropriate to request an exemption for the Ministry to be excused from the requirement to provide notice, until the collection was in compliance with the legislation. Once the collection of information issue is resolved, the Ministry will pursue obtaining an exemption, from the Minister of Employment and Investment, from the requirements to provide notice for specified emergency and mental health services situations.

The issue of collection of patient information from private physicians is included in current discussions between the Ministry’s Information and Privacy Branch and the Office of the Information & Privacy Commissioner. The Office of the Information & Privacy Commissioner staff would prefer that the Ministry resolve this issue through a change in legislation rather than with an authorization.

As noted, the need for legislative change has been included in a formal submission to the Legislative Committee reviewing FIPPA.

The requirement, to document the appropriateness of delivering services to mature minors without the consent of parents or guardians, is included in training workshops for Health Authorities. Information and Privacy Branch has conducted 15 workshops for Health Authorities staff.

This requirement was also addressed in a recently updated Ministry guideline on health information titled “Client Records and Disclosure of Personal Information.” The Ministry is currently distributing this guideline to Health Authorities and will post it on Information and Privacy Branch’s Intranet site.

A similar distribution to mental health service-related bodies is also in process.

We believe that the Ministry has satisfied the objectives of these recommendations from the Office of the Auditor General.

Response of the Information, Science and Technology Agency

The Information, Science and Technology Agency is currently awaiting the report of the Special Committee of the Legislature examining the Freedom of Information and Protection of Privacy Act. The recommendations of this report will be considered in conjunction with an overall review of the effectiveness and efficiency of administrative processes related to the Act. The requirement for a list of consistent purposes will be reviewed within this context.

Comment by the Office of the Auditor General on the responses of the Ministry and Agency

Ministry of Health

We are pleased that the Ministry of Health has implemented or resolved eight of the 14 recommendations applicable to them and have taken steps toward implementing the remaining recommendations.

Information, Science and Technology Agency

We also look forward to the outcome of the examination of the Freedom of Information and Protection of Privacy Act by the Special committee of the Legislature.



ethics codes in the public sector

(auditor general 1996/97 report 10, june 1997)

Recommendations of the Select Standing Committee on Public Accounts, March 1998 Report

The Committee recommends that the government endorse the ten recommendations by the Auditor General respecting ethics codes in the public sector.

The Auditor General's Recommendations

- 1. *The provincial government should take the lead in providing (through its central agencies such as PSERC and the CCS) at least the three following new aspects to improve the overall ethical environment for the BC public sector:***
 - (a) (implemented) a public service-wide statement of ethical values, which could be used as a guide by the individual organizations in the public sector, in combination with their own corporate values, for developing codes of ethics;***
 - (b) (partially implemented) an ethics framework, or an infrastructure, as developed by the OECD, to make clear the context for maintaining and administering a code of ethics; and***
 - (c) (implemented) training and updating programs for the public sector about the government's overall expectations regarding standards of conduct in the BC public sector, and the guidance and processes it expects organizations to have in place for this purpose.***
- 2. *The recently drafted ethical documents, Standards of Conduct update, and the Guidelines for Conduct of Members of British Columbia Agencies, Boards and Commissions, should be completed soon and published for use. Emerging issues, such as they relate to international business activities and public/private partnership arrangements, should be given attention in either these codes or guidelines, or in related policies.***
- 3. *(implemented) Each public sector organization should have a values statement and a code of ethics (may be called a code of conduct, conflict of interest guidelines,***

etc.) applicable to all employees and board members. Government ministries could continue to adopt the government's standards of conduct, or supplement those with their own codes, as some do now.

4. *(implemented) There should be a designated ethics officer in each organization, which may be the Deputy Minister, the Director of Human Resources, the Corporate Secretary, or some other individual, who is responsible for ethics administration in the organization, and who may be supported by an ethics committee of board members or some other group.*
5. *(under consideration for ministries, and being implemented for Crown corporations and agencies) Consideration should be given to having periodic confidential disclosures of interests and holdings by key public servants of ministries and officers at Crown corporations and agencies. One method of facilitating this would be to designate individuals as "public employees," pursuant to section 3 of the Financial Disclosure Act.*
6. *(implemented) Consideration should be given to implementing post-employment limits on activities by certain key public servants of ministries and officers or directors at Crown corporations and agencies, by referencing the guidelines in place in Ottawa and Nova Scotia.*
7. *(implemented) Training in ethical subjects should be increased in all public sector organizations to sensitize individuals and heighten their awareness about the requirements of the ethics codes and about recent developments and dilemmas that have occurred in regard to them.*
8. *(implemented) Public accountability reporting about the existence of ethics codes and their usefulness to the organization should be considered by most public sector organizations to better inform the public about their existence and value.*
9. *(implemented) Consideration should be given to making the legislative requirements relating to the private sector, such as those applicable to the fiduciary duties of directors in the Company Act, applicable, as a minimum, to the directors of BC's Crown corporations and agencies.*
10. *(implemented) Consideration should be given to follow-ups about compliance with codes of ethics, possibly by way of periodic sign-offs as to adherence to the standards and expectations expressed within the codes.*

¹ Under confidentiality in the Government Standards, "Caution and discretion in handling confidential information continues to apply after the employment relationship ceases."

Response of the Public Service Employees Relations Commission

PSERC's initial response to the Auditor General's Report indicated that most of the recommendations concerning the public service were either implemented or under consideration.

Since then, PSERC has continued to focus on ethics as a priority:

Revised Standards of Conduct were formally approved and a copy was given to each public service employee. Each newly hired employee receives a copy.

Each Deputy Minister has designated a senior official as Ethics Advisor the ministry. The Advisors have been given training and meet quarterly to discuss matters of common concern with each other and PSERC officials.

PSERC is developing a new Oath of Employment that relates more closely to an employee's obligation under the Standards of Conduct.

Response of the Crown Corporations Secretariat

Crown Corporations Secretariat (CCS) welcomes the work conducted by the Auditor General on ethics codes in the public sector. Since the Auditor General's report was tabled, there has been substantial progress in the Crown corporation sector in the area of ethics.

Government has developed a set of standards of ethical conduct for Crown corporations. These standards attempt to balance the need for flexibility and the ability for Crowns to operate in a commercial environment, with the need to assure the public that there are some minimum requirements for the ethical conduct of directors and senior officers of Crown corporations. Government has established these minimum standards for Crown corporations in recognition that there is a need for a baseline of standards for this sector, while acknowledging the variety in nature of Crown corporations.

CCS worked closely with various Crown corporations across the province, consulted with a number of agencies within government including the Auditor General's office, reviewed literature in the area, and reviewed codes of ethical conduct in the private sector as well as public sector codes in other jurisdictions.

These standards are intended to be used by each Crown corporation in the development or refinement of their own Crown-specific codes of ethical conduct. These are minimum

standards applicable to all Crowns whether they are commercial Crowns or not. Crowns are directed to also develop their own codes consistent with these minimum standards, but tailored to the specific issues and needs to the individual Crown corporation. There are a number of areas where, depending on the nature of their business, Crowns should consider developing more detailed and possible more stringent requirements.

Generally, the standards address the following:

- General principles that should guide the operation of the Crown corporation;
- A description of duties applicable to directors and senior officers;
- Ethical and conflict of interest standards;
- Requirements for implementation of the standards; and
- Guidelines for possible actions for avoiding conflicts and some potential consequences or sanctions for a breach of the standards.

The following information pertains to the specific recommendations raised by the Office of the Auditor General although the standards address a broader range of issues not covered within the scope of the Auditor General's report.

1. CCS and government have done a number of things to improve the overall ethical environment for B.C.'s Crown corporations. The standards of ethical conduct provide for a set of minimum principles and guidelines within which Crown corporations are to develop codes of ethical conduct suited to the particular legislative mandate and institutional culture of the Crown corporation. CCS has also begun to hold board orientation sessions and a key component of that training includes a discussion of government's expectations regarding standards of conduct in the Crown corporation sector, and the guidance and processes it expects organizations to have in place for this purpose.
2. Emerging issues, such as Crown corporation participation in international business activities and public/private partnership arrangements, are given attention in the standards for ethical conduct. The standards govern the operation and conduct of the Crown corporation's behavior respecting all corporate transactions including business alliances, joint ventures and public private partnerships. The standards establish the threshold on which Crown corporations and their subsidiaries participation in these arrangements will be predicated.

3. The standards provide that each Crown corporation is required to develop a code of ethical conduct for its Directors and officers, which fits the particular legislative mandate and institutional culture of the Crown corporation. The standards, while applicable to directors and senior officers only, do encourage Crowns to establish codes consistent with these standards for other employees, particularly those that are involved in a significant way with the company's acquisitions or disposals of land or other assets, purchases of materials and services, trading in investments, issuing securities, or the exercise of regulatory, inspection or discretionary control over others.
4. The standards provide that each Crown corporation must designate an ethics advisor responsible for the administration and monitoring of the standards and the Crown corporation's own codes of ethical conduct.
5. The standards provide that Crowns are required to develop disclosure mechanisms for their officers which contain, at a minimum, a requirement to certify their understanding of and agreement to comply with the standards and a requirement for formal written disclosure of conflicts of interests upon appointment.
6. The standards reiterate the importance of directors and officers recognizing that some of their duties and obligations apply in the post service environment. For example, officers are expected to refrain from taking improper advantage of their previous office, must not allow prospects of outside employment to create a conflict of interest, and must continue to observe their duties of confidentiality after they leave office. In some circumstances Crowns may wish to use confidentiality or post-service agreements where appropriate, particularly for circumstances where an individual has access to confidential information that, if disclosed to a competitor or other outside entity, could give that entity a commercial advantage or cause loss or damage to the corporation.
7. CCS has begun a series of board orientation sessions and a major component of these sessions includes training on ethical subjects. The standards also require that Crown corporations designate someone in the corporation to be responsible for guidance and training.
8. In terms of public accountability reporting, the standards encourage Crowns to provide public access to their codes and to report on the value of having ethics codes in their organization.

9. The standards reiterate the fiduciary common law duties of directors found in the Company Act to confirm that these apply both to directors and senior officers.
10. CCS will be responsible for following up with Crown corporations on the implementation of the standards. Boards of Crown corporations are responsible for establishing their own codes of ethical conduct consistent with these standards. Individual Crown corporations are responsible for designating an ethics advisor to be responsible for ensuring adherence to standards and Crown corporation's individual codes of conduct.

Because ethics is an evolving field, CCS will work with B.C.'s Crown corporations to establish a regular review of these standards and of Crown corporation codes of ethical conduct. CCS will continue to promote a sound ethical framework for Crown corporations with the goal of ensuring that Crown corporations maintain the highest standards of integrity and public confidence.

Comment by the Office of the Auditor General on the Responses of the Commission and Secretariat

We are very pleased that the recommendations applying to both PSERC and CCS have been implemented either in whole or in part. Although the guidelines for individuals appointed to Agencies, Boards and Commissions have not yet been issued, the Co-ordination of Agencies, Boards and Commissions Branch expects to do so very soon.



government employee numbers

(auditor general 1995/96 report 5, june 1996)

Recommendations of the Select Standing Committee on Public Accounts, May 1997 Report

At its November 21, 1996 meeting, the Committee endorsed the recommendations contained in the report “Government Employee Numbers,” that:

- *(implemented) The government report the actual FTEs used as soon as possible after the year end, and also in the Public Accounts for each year;*
- *(implemented) The reporting of actual FTEs used be at the same level of detail as the reporting of FTEs authorized;*
- *(implemented) The FTEs reported in the Estimates correspond to the employees whose salaries are reported in the Estimates; and*
- *The government accounts for and publishes authorized and utilized FTE numbers for the whole of government, not just for central government.*

In its May 1997 report to the Legislative Assembly, the Committee recommended that:

- *It is in the Committee’s opinion that the amount of money provided to each program is a more important and relevant benchmark than stating how many employees are on the payroll but that the FTE count should not be eliminated until a full accounting regime is implemented.*

Response of the Ministry of Finance and Corporate Relations

Full Time Equivalent Employment (FTE) budgets and allocations remain as one of the control mechanisms within government. FTE counts reported in the Public Accounts serve as a measure of core government size for employees paid from the Consolidated Revenue Fund.

The appropriateness of FTE controls will be periodically reviewed. FTE counts should not be eliminated until a full resource management and performance regime is developed and accepted.

Comment by the Office of the Auditor General on the Response of the Ministry

We are pleased to see that three of the four recommendations have been implemented.



home support services

(auditor general 1995/96 report 3, february 1996)

Recommendations of the Select Standing Committee on Public Accounts, August 1996 Report

Resolved, that the Committee endorse the recommendations of the Auditor General in respect of the section of Report 3 entitled, “Home Support Services.”

The Auditor General’s Recommendations

Recommendations for the Ministry of Health

We recommend that the Ministry of Health:

- ***(implemented) Remind Case Managers of the need to determine and record whether home support service applicants meet the provincial residency requirement.***
- ***(implemented) Develop and implement policy to verify this and the other eligibility criteria; which might be as simple as recording the provincial care card number, and verifying that it is valid and determining when it was issued.***
- ***(implemented) Either complete development of new criteria concerning the annual reassessment review of clients, or else ensure compliance with existing policy requiring annual reassessment reviews.***
- ***(implemented) Develop and implement policy concerning the verification of the reason for being exempt from income assessment. This might be done most easily by sharing information with other government departments, after ensuring that appropriate safeguards and approvals have been obtained.***
- ***(implemented) Ensure compliance with existing policy requirements to update income assessments on an annual basis. The ministry should also have clerical staff periodically check the calculation of the fees to be charged to clients.***
- ***(resolved) Scrutinize the instances where the hours billed exceed the authorization. We recommend that the ministry consider stopping payment on those billings where the hours have exceeded the authorization by up to 25% more than four times in the year, until a new authorization is received.***

- ***(resolved) Consider verifying the delivery of service, by inspecting time sheets or checking with clients, on a random or test basis.***
- ***(resolved) Consider the bonding of home support agencies, and criminal record checks of home support workers providing services to vulnerable adults.***

Recommendations for the Ministry for Children and Families

We recommend that the Ministry for Children and Families:

- ***(Implemented)***
- ***(Implemented)***
- ***(Implemented)***
- ***(Implemented)***
- ***Consider verifying the delivery of service, by inspecting timesheets or checking with clients, on a random or test basis. This might usefully be coordinated with the Ministry of Health.***
- ***Develop and implement policy concerning the assessment of the home support agencies from which it purchases services.***
- ***(implemented) Consider the bonding of home support agencies, and criminal record checks of home support workers providing services to vulnerable adults.***

Response of the Ministry of Health

Subsequent to the audit by the Office of the Auditor General, programs were regionalized effective April 1, 1997. Ministry contracts with home service providers were devolved to the Health Authorities. Ministry and municipal caseworkers were transferred to the employ of the Health Authorities.

The Ministry continues to provide policy to the Health Authorities. For example, user fees and exemptions will remain standard across the Province. However, the Ministry will not spell out operational detail to the Health Authorities.

The recommendations in the audit report would be categorized as operational in nature and would therefore be the direct responsibility of the Health Authorities. Nonetheless, the requirements of the various specific recommendations have essentially been satisfied.

- Prior to regionalization, the Ministry issued a reminder to caseworkers of the need to determine and record whether home support service applicants met the provincial

residency requirement. The “Application and Assessment Forms” currently used by the Health Authorities’ case-workers now require “BC Resident” date information.

- Clients, to obtain assistance, must sign a consent for the release of information from Revenue Canada. The consent permits Revenue Canada to provide income information to the Ministry. Revenue Canada downloads client income data into the Ministry’s computerized Continuing Care information Management System. The system automatically calculates the client rates annually.
- Caseworkers now complete income assessments for all clients. Clients can apply for a reduction in rates by qualifying and completing a hardship form—“Application for Temporary Reduction of Client Rate”. This form requires approval by the chief financial officer of the Health Authority.
- The Ministry’s computerized Continuing Care Information Management System now sets all user fees.
- The Ministry did perform reviews of billings that exceeded authorizations. The computerized system was programmed to base authorizations on weekly hours with four weeks in a month. The Ministry made payments to agencies on a monthly basis. The computerized system, of course, highlighted all payments made in the months that included charges for five weeks. The staff noted very few incidents of billings that they could challenge. Ministry staff determined they could not cost/benefit justify continuing the review.
- The Health Authorities are now responsible for screening invoices from their contractors. The Ministry expects to have no involvement in these payments after March 31, 1999.
- The Ministry previously required home support contractors to perform criminal record checks of their existing home support workers including supervisors and future new employees in compliance with the Criminal Records Review Act. These checks, however, will only disclose workers who are known to be a danger to children.
- Health Authorities are community based, more in touch with their local requirements and in a better position to determine the desirability of bonding and expanded criminal review. The Ministry considered and concluded it would not centrally perform or require bonding of home support agencies and additional criminal record checks.

We believe that the Ministry has satisfied the objectives of these recommendations from the Office of the Auditor General.

Response of the Ministry for Children and Families

The majority of the recommendations made in the report have been implemented. For the two remaining recommendations, the Ministry for Children and Families is addressing these through contract reform and/or clarification in adult community living policy, in those circumstances where the Ministry for Children and Families does not use a Ministry of Health contracted agency. The Ministry for Children and Families will discuss coordination of the proposed approach with the Ministry of Health and Health Authorities, for agencies that do use the Ministry of Health contracted agencies.

Further to the consultation with the Home Support service sector associations, the Ministry for Children and Families embarked on a review of contractual practices and initiatives. The DE Allen Report recommendations initiated a Ministry focus on the development of consistent contracting process/policy and procedures. Therefore, the development of policies and standards specific to the assessment and service monitoring of Home Support agencies will be established through:

- the accreditation process of the Ministry for Children and Families' Contract Reform Project and/or
- the establishment of specific program standards in consultation with the Home Support Services sector.

There is now Provincial legislation requiring criminal records checks for staff working with children (Criminal Records Review Act). There is also current policy regarding criminal records checks for caregivers working in the area of vulnerable adults who fall under the responsibility of the Ministry for Children and Families. These policies are addressed through program standards and new contractual requirements. These policies will also be reinforced through the Contract Reform initiative.

The Ministry of Health approved agencies also conduct criminal record checks.

Comment by the Office of the Auditor General on the Responses of the Ministries

Ministry of Health:

We are pleased that, regardless of the regionalization of the Health Authorities, that the Ministry of Health has implemented or resolved the eight recommendations contained in our report.

Ministry for Children and Families:

We are pleased that the Ministry for Children and Families has implemented five of the seven recommendations suggested in our report and that work on the other two recommendations is in progress. We look forward to the establishment of program standards and development of an accreditation process by the Ministry of Children and Families which will satisfy the last two recommendations.



safeguarding moveable physical assets: public sector survey

(auditor general 1995/96 report 3, february 1996)

Recommendations of the Select Standing Committee on Public Accounts, May 1997 Report

Resolved, that the Committee endorses the four recommendations of the Auditor General contained in the report “Safeguarding Moveable Physical Assets: Public Sector Survey” and recommends that they be adopted and implemented.

The Auditor General’s Recommendations

Crown Corporations

(Implemented)

Hospitals

(resolved) We recommend that the Ministry of Health remind hospitals of the requirement to maintain fixed asset subledgers for all assets costing in excess of \$1,000; and we further recommend that the ministry conduct follow-up procedures to ensure that hospitals maintain such records, and use them to help safeguard their moveable physical assets. This would be achieved by the establishment of minimum and uniform standards for information and procedures to be included in the systems, and in particular, the requirement to periodically count moveable physical assets and reconcile the counts to the hospital asset records.

School Districts

(Implemented)

Colleges, Universities, and Institutes

(Implemented)

Response of the Ministry of Health

Subsequent to the audit by the Office of the Auditor General, the Ministry amalgamated hospitals with Regional Health Boards and Community Health Councils, (Health Authorities). As part of this regionalization, the Ministry transferred responsibilities, including the safeguarding of assets, to the Health Authorities.

In May 1998, the Ministry provided Health Authorities with a Financial Management Policy manual that was prepared in consultation with health industry representatives. The manual's Chapter 9—Fixed Asset Management specifies requirements for Health Authorities to safeguard fixed assets.

We believe that the Ministry has satisfied the objectives of this recommendation from the Office of the Auditor General.

Comment by the Office of the Auditor General on the Response of the Ministry

We are pleased that the Ministry of Health has provided the necessary policy direction to the regionalized Health Authorities and has resolved the final recommendation.



consumer protection act—income tax refund discounts

(auditor general 1995/96 report 3, february 1996)

Recommendations of the Select Standing Committee on Public Accounts, May 1997 Report

Your Committee endorses the recommendations contained in the report “Consumer Protection Act—Income Tax Refund Discounts” that the Ministry of Housing, Recreation and Consumer Services:

- ***(implemented) periodically obtain assurance from the federal department responsible for the Tax Rebate Discounting Act as to the extent of their monitoring of tax discounters operating in British Columbia and the degree to which they are complying with that legislation.***
- ***have legislative counsel consider and recommend the most appropriate action that might be taken with regard to Section 37 of the Consumer Protection Act and its related regulation, given that this legislation is not being followed by the industry nor enforced by the ministry.***

Response of the Ministry of Attorney General

The Ministry has been assured by the federal government that the Tax Rebate Discounting Act is being enforced. The Ministry has put forward the repeal of the relevant provisions of the provincial act for the 1999/2000 legislative session.

Comment by the Office of the Auditor General on the Response of the Ministry

We are pleased that the Ministry has implemented one of the two recommendations contained in our report and has put forward a legislative solution to the duplication of federal and provincial requirements. We look forward to seeing the repeal of the relevant provisions in an upcoming Miscellaneous Statutes Amendment Act.



financial administration act part 4: follow-up

(auditor general 1995/96 report 3, february 1996)

Recommendations of the Select Standing Committee on Public Accounts, May 1997 Report

That the government initiate a comprehensive review to update the Financial Administration Act as soon as possible, contained in the report “Financial Administration Act Part 4: Follow-up” be adopted and implemented.

Response of the Ministry of Finance and Corporate Relations

The Ministry initiated a major research project in fiscal 1998/99 to identify possible changes for a re-write of the Financial Administration Act. The study involved consultations with ministry management, legal counsel and the Auditor General’s office. In addition, legislation across Canada, both federal and provincial, and international jurisdictions was surveyed for emerging issues and to highlight areas of interest for BC.

A preliminary discussion paper was prepared for the ministry executive. In addition to legislative amendments, the paper identified several policy issues and options that do not necessarily require legislative change to implement.

A broader look at the principles and objectives that should underlay a new Act are now being developed. The earliest possible date for new legislation would be in the spring 2000 legislative program.

Comment by the Office of the Auditor General on the Response of the Ministry

We are pleased that the Ministry of Finance and Corporate Relations is continuing their review work underlying a new Financial Administration Act.



elevating devices safety act

(auditor general 1994/95 report 5, may 1996)

Recommendations of the Select Standing Committee on Public Accounts, July 1995 Report

Your Committee recommends that the recommendations contained in the report “Elevating Devices Safety Act” be adopted and implemented.

The Auditor General’s Recommendations

To improve compliance with the Elevating Devices Safety Act and regulation, the Office of the Auditor General recommends, that:

- ***The Boiler and Elevator Safety Branch develop procedures for following up with owners who have not notified it, as required by the legislation, to ensure that directions have been carried out.***
- ***The Branch follow up with owners on a timely basis to enforce their legal responsibility to have tests of safety gear performed, and to report the results to the Branch.***
- ***(Implemented)***
- ***Contractors be required to certify on their license renewal applications that they still meet the necessary qualifications to be licensed.***
- ***(Implemented)***

To improve operational effectiveness of the Boiler and Elevator Safety Branch, the Office of the Auditor General recommends, that:

- ***(resolved) The Ministry of Municipal Affairs discuss with municipalities the possibility of having them either require a copy of the acceptance inspection certificate before issuing a certificate of occupancy, or inform the Branch when a permit is issued for a building that contains an elevating device.***
- ***(Implemented)***
- ***(Implemented)***
- ***(Implemented)***
- ***(Implemented)***

- ***(resolved) The Branch develop procedures to ensure that the information in the risk assessment program database, used by the inspectors to prioritize their work, is up-to-date and accurate.***

To provide useful, new legislative authorities relating to elevating devices, the Office of the Auditor General recommends, that:

- ***(resolved) The maximum permissible interval between inspections of elevating devices be specified in the regulation or policies.***
- ***(Implemented)***

Response of the Ministry of Municipal Affairs

The Auditor General’s recommendations are being considered within the context of the findings of the Safety Systems Review. SES is finalizing a five-year strategic business plan which is expected to be a template for implementing key initiatives from this review. Specific comments are provided for each recommendation as follows:

Recommendations: Overdue Directions

Progress related to tracking overdue directions continues through the periodic inspection program. A computerized tracking system is used, however, there is some difficulty associated with ensuring that the appropriate returns are filed by owners or contractors following the issuance of directions. A computerized monitoring and notification system appears to be the solution. This will be investigated along with the associated benefits and costs.

Overdue Safety Gear Tests

Progress related to monitoring the completion of safety tests continues through the periodic inspection program. Present data indicates that special effort is necessary to maintain a high percentage of returns compared to actual tests completed. Staff resources would have to be removed from inspection duties to ensure that all overdue tests are completed and reported. Alternate methods will be investigated.

Contractor’s License Renewal

Licenses are removed based on “just cause” during the term of the license. The renewal form for contractors will be revised to require a statement such that they will confirm that they meet the necessary qualifications.

Copy of Acceptance Inspection Certificate to Municipalities

A bulletin has been issued to the Municipalities and contractors following discussions concerning professional assurances. The response from the Municipalities indicates that there is no interest in pursuing this direction at the present. The present Branch requirements are adequate for conformance purposes.

Risk Assessment Score Accuracy; and Periodic Inspection Interval in Act and Regulations

The original assessment program, which consisted of a local access network, was transferred to a new division operating system. Experience with the system determined that resources did not exist to properly input and utilize the data. Therefore the Branch determined that a three year period between inspections was appropriate to provide for the expected level of safety. The continued monitoring of the present inspection period will provide an effective safety program.

Comment by the Office of the Auditor General on the Response of the Ministry

We are pleased that the ministry has implemented or resolved 10 of the 13 recommendations contained in our report.

Our office will continue to monitor the action taken with respect to the outstanding recommendations.



financial administration act: guarantees and indemnities

(auditor general 1994/95 report 5, may 1995)

Recommendations of the Select Standing Committee on Public Accounts

July 1995 Report

Your Committee notes progress and recommends the Ministry of Finance continue its work in implementing the recommendations contained in the report “Financial Administration Act: Guarantees and Indemnities.”

May 1997 Report

Your Committee considers the recommendations related to the guarantee and indemnity provisions of the Financial Administration Act to be significant and recommends that the Ministry of Finance and Corporate Relations give the recommendations as high a priority as they can.

The Auditor General’s Recommendations

Guarantees

The Office of the Auditor General recommends, that:

- ***(implemented) The Ministry of Finance and Corporate Relations reinforce the Treasury Board requirement that ministries giving guarantees have documented procedures for the review, control and approval of ad hoc guarantees. An alternative would be to expand the Treasury Board policies to include detailed guidance as to the review, control and approval of guarantees within ministries.***
- ***(implemented) The Ministry of Finance and Corporate Relations reinforce the requirements of Treasury Board policies regarding the content of loan guarantee submissions. Ministries that have guarantee programs should ensure that their approval checklist includes all the components required by Treasury Board policy. When the risk assessments for all individual guarantees approved under a program are the same and the ministry wishes to avoid repeating the same risk assessment in each individual submission, the ministry should get Treasury Board approval for the general***

assessment and the right not to provide risk assessments in each individual submission.

- **(implemented) Ministries document the source of standard agreements used in guarantee programs, and consult with legal counsel when they intend to expand the use of standard agreements developed for earlier programs.**
- **(implemented) The Ministry of Agriculture, Fisheries and Food obtain appropriate approval for all of its guarantees under the Feeder Association Loan Guarantee Program.**
- **(implemented) The Loans Administration Branch establishes consistent procedures for summarizing the results of its investigations prior to paying out any guarantee claims.**
- **(resolved) The Ministry of Finance and Corporate Relations maintain the required list of all outstanding guarantees given by ministries and government corporations.**
- **(resolved) Consideration be given to amending the Financial Administration Act to require that all guarantees given by the Province be included in the annual report.**
- **(resolved) The government considers including the additional information recommended by professional pronouncements in its Statement of Guaranteed Debt, contained in the Consolidated Revenue Fund financial statements.**

Indemnities

The Office of the Auditor General recommends, that:

- **(implemented) The Ministry of Finance and Corporate Relations issue new guidance to all ministries and government corporations explaining the nature of indemnities and reinforcing the Treasury Board requirement for establishing and documenting procedures for the review, control and approval of indemnities.**
- **(implemented) Government corporations be reminded of the requirement that they must obtain the approval of the Minister of Finance and Corporate Relations to have the authority to approve their own indemnities.**
- **(implemented) Government corporations be required to maintain a list of all indemnities issued, which could be reconciled to the Risk Management Branch list.**
- **(implemented) The Guarantees and Indemnities Regulation and the Treasury Board policies be reviewed and amended as necessary so that they are consistent with each other.**

- ***(resolved) Ministries keep track of the indemnities they have issued, and their expiry dates, so that they can provide an accurate list of indemnities in place.***
- ***The Financial Administration Act and regulation be reviewed and amended as necessary, to ensure that the reporting requirements for indemnities are consistent with the approval requirements.***
- ***Consideration be given to amending the Financial Administration Act to require that all indemnities approved and issued by the Province be included in the annual report.***
- ***While we recognize that it is impossible to put a dollar value on indemnities for disclosure in the government's financial statements, a description of some of the major categories of indemnities be included in the note to the financial statements that discloses indemnities.***

Response of the Ministry of Finance and Corporate Relations

Almost all of the Auditor General's recommendations have been implemented. Current government practices ensure that reasonable processes are in place for the issuance and administration of guarantees and indemnities. Disclosure practices generally meet or exceed requirements, and significant policy issues have been addressed.

Action taken to date includes revisions to financial Management Operating Policy (FMOP) 10.21 Guarantees in March 1998. The Ministry of Agriculture and Food now submits all new and revised guarantees to the Minister of Finance and Corporate Relations for approval. Also since the audit report, Risk Management Branch has issued bulletins to ministries and government corporations for additional guidance on the management and reporting of indemnities.

The Financial Administration Act section on guarantees and indemnities has not been amended. However, as the government reports all guarantees approved and funds issued by the Consolidated Revenue Fund, the statutory requirements (currently in Section 72(8)) are surpassed.

Comment by the Office of the Auditor General on the Response of the Ministry

We are pleased that all eight recommendations regarding guarantees and five of the eight recommendations for indemnities have been implemented or resolved.



land tax deferral act

(auditor general 1994/95 report 5, may 1995)

Recommendations of the Select Standing Committee on Public Accounts, July 1995 Report

Your Committee recommends that the recommendations contained in the report “Land Tax Deferment Act” be adopted and implemented.

The Auditor General’s Recommendations

The Office of the Auditor General recommends, that:

- ***The ministry either obtain approval for an amendment to the Act to delete the requirement that the applicant be the principal supporter of the family, or take steps to ensure compliance with section 5(5)(b) of the Act.***
- ***The current interest rate requirement of not more than the government banker’s prime rate, less 2%, be reconsidered and possibly raised to equal that which the government otherwise obtains on its short-term investment funds.***
- ***To keep the interest rate on land tax deferral more current, consideration be given to amending the legislation so that the rate is set at the end of every three months, based on the rate at the end of the previous month.***
- ***Consideration be given to reviewing and updating the Land Tax Deferment Act for matters identified by the ministry and this audit.***

Response of the Ministry of Finance and Corporate Relations

The Real Property Taxation Branch has continued to support the audit recommendation that the Land Tax Deferment Act be amended to remove the requirement that the ‘deferee’ be the principal supporter of the household. The branch had requested a legislative amendment in 1996, 1998 and 1999; however, competing legislative priorities have deferred this change.

As reported by the ministry in 1996, the Act was reviewed by Legislative Counsel to remove spent provisions, and also to add legal descriptions for new terms and deferral situations that were not anticipated when the statute was introduced in

1974. The request to re-write the statute to capture these changes has been declined, most recently in 1999, due to other legislative priorities.

The branch reviewed other financial mainframe systems in government, as a least cost alternative to creating a new tax deferment system. The Loan Administration System was found to have a high degree of compatibility to manage deferment functions. In cooperation with the Loan Administration Branch, a front-end interface, the Tax Deferment Assistance Program (TDAP) was developed and implemented in April 1998. The TDAP system has greater flexibility for changing the deferment interest rate and frequency of rate adjustment, and maximizes interest earnings by applying payments firstly to interest then to principle. It also provides immediate user updates to the system, and keeps accurate and timely deferment lien information.

Comment by the Office of the Auditor General on the Response of the Ministry

We are pleased that the Ministry has taken the necessary steps so that changes can be made when there is room on the legislative calendar. Our office will continue to monitor the action taken with respect to these recommendations.



statutory tabling requirements

(auditor general 1993/94 report 4, may 1994)

Recommendations of the Select Standing Committee on Public Accounts, July 1994 Report

Your Committee recommends that the recommendations contained in the Auditor General's Report 4 respecting statutory tabling requirements be implemented by the government. However, consideration should be given to varying the standard content or timing requirements for particular organizations where circumstances may warrant.

The Auditor General's Recommendations

General

We recommend that consideration be given to having all tabling requirements consolidated into one Act which, along with supporting regulations or policies:

- ***identifies the organizations required to table reports;***
- ***specifies the content requirements of the reports;***
- ***clarifies the meaning of terms used in tabling requirements;***
- ***specifies the timing requirements for tabling reports;***
- ***includes a requirement for monitoring whether reports are tabled on time and for reporting these facts, along with explanations, to the Legislative Assembly; and***
- ***provides for an alternative method of releasing reports when the House is not in session.***

Clarity of Requirements

We recommend that the terms used to describe the time requirements for tabling reports be defined clearly. This could be achieved either by defining the terms in each Act that has tabling requirements, or by defining them in one central Act, such as the Interpretation Act, or in a new Act containing tabling requirements for all organizations required to table reports.

Consistency of Requirements

We recommend that all ministries and organizations included in the government's summary reporting entity be required to table their annual reports. Exceptions could be

made for organizations that are inactive. However, the inactive organizations should still be required to table financial statements each year, along with an accompanying explanation.

We recommend that the length of time within which annual reports must be tabled be consistent for all organizations, including government ministries. One way this could be achieved would be to have one Act that specifies the tabling requirements for all government and related entities.

We recommend that the legislation requiring a report to be tabled include more specific guidance about the content of the report, or that it be supplemented by policies specifying content requirements.

Monitoring

We recommend that a member of Cabinet, possibly the Minister of Finance and Corporate Relations, as Chair of Treasury Board, be given the responsibility for producing a report for the House listing all reports which should have been tabled in the previous session. The report should include the dates that reports have been tabled, compared to the dates that they were required to be tabled, the name of the Ministry responsible, and any explanation for reports not tabled on time. Such a report should itself be timely. To do this, it could be submitted to the Clerk of the House and made public within 30 days of the session being adjourned; then tabled when the Legislature next sits.

If our previous recommendation to have all tabling requirements included in one Act is followed, then the Minister responsible for that Act should produce this report.

Timeliness of Making the Information Available to the Public

We recommend that all organizations be required to table their annual reports within three months of their year-end if the House is in session.

We recommend that the statutory provisions for the tabling of documents be revised to include a provision for filing the reports with the Clerk of the House and releasing them to the public when the House is not in session. The copy given to the Clerk would become the “official copy” and would be tabled as soon as the House next sits.

Inactive, Wound Up, or Reorganized Entities

We recommend that, where a government organization has merged with another organization, its enabling statute be amended to delete the reporting requirement. Where an organization has been dissolved, the enabling legislation should be repealed.

We recommend that, when ministries are disestablished or reorganized, the orders in council authorizing and describing the transfer of responsibilities also clarify the reporting requirements of the new or remaining ministries. In addition, consideration should be given to repealing the enabling statutes for the disestablished ministries.

Commissions of Inquiry

(implemented)

Regulations

We recommend that the Acts requiring the tabling of regulations in the Legislative Assembly be amended to remove these requirements.

Response of the Ministry of Finance and Corporate Relations

The recommendations have been identified for further review along with performance and accountability issues as part of a possible Financial Administration Act re-write project.

Comment by the Office of the Auditor General on the Response of the Ministry

The eleven outstanding recommendations from this report have been under consideration for over five years. We look forward to the resolution of the issues underlying these recommendations with possible changes to the Financial Administration Act.



safeguarding moveable physical assets

(auditor general 1993/94 report 4, may 1994)

Recommendations of the Select Standing Committee on Public Accounts, July 1994 Report

Your Committee recommends that the recommendations contained in the Auditor General's Report 4, relating to safeguarding moveable physical assets, be implemented to the extent that it is cost effective and efficient to do so.

The Auditor General's Recommendations

Non-Compliance with Government Policies for Safeguarding Moveable Physical Assets

(implemented) We recommend that the Office of the Comptroller General and the ministries should be monitoring how well they are complying with the policies for safeguarding moveable physical assets. Where they find that the level of compliance is inadequate, we recommend that they take appropriate steps to ensure that policies are followed. Where they find that policies are absent or incomplete, we recommend that they write or revise the required policies.

Clarity in Defining and Recording Assets

We recommend that the criteria used for all asset records be consistent, using a specific dollar amount which is updated periodically as required (for example, at the beginning of each fiscal year).

We recommend that ministry determinations of cost/benefit of control be evaluated and assessed by the Office of the Comptroller General before being accepted as a basis on which to dispense with the maintenance of physical asset records.

(implemented) We recommend that, for physical assets which are common across government (such as computers, computer software, and furniture), the government policy manual give clear guidance on what to include as attractive assets and what to exclude, by listing specific examples. For physical assets that vary from ministry to ministry (such as equipment), each ministry should be required to provide specific guidance in their own manuals on what assets to record and control as attractive, including a list of those that are unique to the ministry.

We recommend that the government policy manual be clarified to indicate that an asset may be both fixed and attractive. The manual should clearly state that, where a fixed asset also meets the criteria for attractive assets, the additional and more stringent requirements for safeguarding attractive assets must be complied with, not just the requirements for recording and controlling fixed assets.

Content of Asset Record Systems

(implemented) We recommend that the following information requirements for asset records be considered for addition to the policy manuals:

- ***name of the custodian (for all assets, not just attractive assets);***
- ***purchase information (including invoice and supplier number);***
- ***description information (model number, manufacturer, and color);***
- ***the ministry-assigned, unique identifying number (the bar code or tag number);***
- ***cost;***
- ***estimated useful life; and***
- ***warranty references.***

Form of Asset Record Systems

We recommend that consistent and compatible physical asset recording systems be used throughout government, and especially within ministries.

Centralization of Asset Record Systems

We recommend that the government policy manuals establish criteria for physical asset record systems. This will ensure that sufficient commonality exists between systems to allow the exchange of data, whether the physical asset systems are centralized within ministries or within government.

Periodic Physical Counts

(resolved) We recommend that bar code readers be made readily available to organizations to facilitate the counting of physical assets tagged with bar codes.

Items Incorrectly Recorded as Physical Assets

(implemented) We recommend that policies be established to determine when it is appropriate to record professional fees as asset purchases, and when it is not.

Findings Related to Computer Equipment and Software

We recommend that the asset records show what components have been added to a computer, with the relevant serial number recorded to identify it.

We recommend that government policies be developed to address the purchase or use of government computer equipment for work at home.

Findings Related to Technical and Office Equipment

We recommend that, as a matter of policy, ministries be required to obtain a receipt from the lessor for the return of a leased item when a lease expires and is not renewed.

Findings Related to Furniture

We recommend that when furniture is purchased it be tagged with a unique number and, as a minimum, be recorded in a list of furniture for the particular branch office. Physical verification should be done where there have been changes to the location or a large number of disposals.

Findings Related to Vehicles

We recommend that government policy be amended so that a local manager can approve overnight home parking when it is appropriate for travel purposes.

Response of the Ministry of Finance and Corporate Relations

Government has made significant improvement in its policy and procedures for the accounting and reporting of tangible capital assets and attractive assets. In addition, the CAS Oracle Financial System's asset module to improve reporting and control will be implemented April 1, 1999 for selected ministries. Most ministries are expected to migrate to the new asset system over the next 3 years.

The Tangible Capital Asset policy has been applied to the following asset classes:

- parklands, buildings, and vehicles;
- mainframe, mini and personal computer software and hardware;

- fresh water ferries and ferry landings; and
- land under buildings and ferry landings (this current fiscal year).

Historical cost, accumulated depreciation and annual depreciation provisions have been determined for the asset classes listed above. All remaining asset classes are expected to conform to accounting policies and procedures by the fiscal year 2001/02.

Non-compliance with Government Policies for Safeguarding Moveable Physical Assets

The government accepted the findings of non-compliance. The financial discipline inherent in the transition to a full accrual accounting policy will assist with addressing many of the audit report recommendations.

The Office of the Comptroller General updated the Tangible Capital Asset Policy (in particular, FAPRO Chapter 10) in fiscal 1998/99. The policies and procedures are currently under review for any changes required for the next fiscal year. The attractive asset policy is in final draft form awaiting approval. It represents a substantial change to the previous policy that was outdated, no longer cost effective or manageable.

Clarity in Defining and Recording Assets; Content of Asset Record Systems

The CAS Oracle Financial System's asset module, to be implemented by the majority of ministries within 3 years, addresses the recording issues and recommendations identified. All necessary records have been included in the configuration documentation. Thresholds will be reviewed and updated periodically.

The Office of the Comptroller General is updating FMOP Chapter 10, Assets and Liability Control. It is intended that policies to clarify fixed and attractive assets and controls to safeguard attractive assets will be part of the revisions.

Form of Asset Record Systems; Centralization of Asset Record Systems

New asset policies and procedures and implementation of the CAS Oracle Financial System's asset module will facilitate consistent and compatible asset recording throughout government.

Physical Counts; Items Incorrectly recorded as Physical Assets

Government recognizes that within ministries the extent to which the financial control of assets is appropriate will vary due to operational circumstances. FMOP directs that ministries are responsible and accountable for procedures to physically verify the accuracy and completeness of recorded assets, including any methods or equipment used, such as bar code readers.

FAPRO Chapter 10 addresses the asset information that needs to be recorded and reported, and also outlines historical cost requirements. Historical cost is to include all costs directly related to the asset and costs to bring the asset into its intended use.

Findings Related to Computers and other Assets

The CAS Oracle Financial System's asset module has the capability to record all of a particular computer's hardware and software components. New policies and procedures will address the findings related to equipment, furniture and vehicles.

Comment by the Office of the Auditor General on the Response of the Ministry

We are pleased that considerable progress has been made in the Safeguarding of Moveable Physical Assets through updates in policy and the transition to a full accrual accounting system. These efforts have satisfied five of the 15 recommendations set out in our report. We look forward to the implementation of a financial information system which should provide accurate, consistent and reliable asset information.



treatment of unclaimed money

(auditor general 1993/94 report 4, may 1994)

Recommendations of the Select Standing Committee on Public Accounts, July 1994 Report

Your Committee recommends that the recommendations contained in the report “Treatment of Unclaimed Money” be adopted and implemented.

The Auditor General’s Recommendations

Money Deposited in the Treasury of the Province

(implemented) We recommend that a limit such as \$100 be set so that deposits below this benchmark can be transferred to revenue by the government after a much shorter period of time than 10 years (such as five years). This would not extinguish the right of a valid claim on these amounts, but would remove them earlier from the active accounting records to the statement of unclaimed money. Alternatively, consideration could be given to transferring smaller amounts early, and extinguishing rights to claiming them at the time they are transferred, to avoid the costs of maintaining the records.

Money Received by Companies or Persons

(implemented) We recommend that a comprehensive study be initiated to review all types of unclaimed money and other types of unclaimed assets held by companies or persons within the Province, other than those to which the Bank Act (Canada) applies. The study should determine an appropriate up-to-date manner for handling and accounting for such money and assets, addressing provisions for monitoring, enforcement, and full public disclosure. This may require amendment of existing legislation or implementation of new legislation.

Other Provincial Statutes Directly Related to the Unclaimed Money Act

(implemented) We recommend that the sections of these provincial statutes be included in the scope of any study of unclaimed money and other assets held in the Province as we recommended above, which should consider among other issues the appropriate monitoring, enforcement, and disclosure requirements.

Information to the Public

(resolved) We recommend that the government provide a public advertisement in newspapers stating when and where information about unclaimed money is available. This should be done periodically, as well as at the time at which the information becomes available each year. It should be an important consideration in any future amendment to the Unclaimed Money Act and related legislation.

Payment of Claims

(resolved) We recommend that the government consider reinstating periodic search procedures for persons or companies who maybe rightfully entitled to unclaimed money deposits that have been transferred to the government's Consolidated Revenue Fund.

(resolved) We recommend that the legislation be amended to require the inclusion of the successful claims that were paid out in the statement of unclaimed money so that it becomes a complete record of outstanding unclaimed money.

Responsibility for the Unclaimed Money Act

(implemented) We recommend that the Ministry of Finance and Corporate Relations identify which Ministry branch is responsible for administering the Unclaimed Money Act in its annual report.

Public Discussion Paper

In January 1997 the Ministry of Finance and Corporate Relations issued a Legislation Discussion Paper entitled "New Approaches to.... Unclaimed Intangible Property Administration in British Columbia." The discussion paper proposals, if implemented, would have substantially addressed the recommendations of the Select Standing Committee on Public Accounts about the treatment of unclaimed money.

Response of the Ministry of Finance and Corporate Relations

The Unclaimed Property Act was passed and given Royal Assent on July 15, 1999. This Act is the culmination of several years of effort on the part of the Ministry of Finance and Corporate Relations, working with stakeholders to develop a cost-effective regulatory program that met the objective of the legislation while addressing stakeholder concerns. We believe that this new statute effectively addresses the issues raised by the Auditor General.

In addition, the Office of the Comptroller General has consolidated responsibility for the management of unclaimed property by establishing the Unclaimed Property Office. This Office has developed an unclaimed property website and database containing general information on unclaimed property, a claims process and a searchable database of unclaimed money held by government. This Office will also continue to work with holders of unclaimed property to implement the new Unclaimed Property Act over the next year.

Comment by the Office of the Auditor General on the Response of the Ministry

We are pleased that the Unclaimed Property Act was passed and given Royal Assent on July 15, 1999. Our assessment of this new Act is that it addresses or resolves all of the recommendations contained in our report. We look forward to seeing the regulations, and other guidance that will be provided by the Unclaimed Property Office, that will further define the responsibilities of all parties under the Act. We also look forward, with interest, to the 5-year review process included in the Act.

We congratulate the ministry for their effort, their consultative process and their creativity in providing the legislative and administrative solutions to the issues relevant to unclaimed property.



compliance with the financial disclosure act

(auditor general 1993 annual report, march 1993)

Recommendations of the Select Standing Committee on Public Accounts, July 1993 Report

Your Committee recommends:

that the Financial Disclosure Act be amended as follows:

- i) (implemented);**
- ii) to bring the Islands Trust, and related local trust committees, within the purview of the Act;**
- iii) (implemented).**

Response of the Ministry of Attorney General

Action on the recommendation to include Islands Trust and related trust committees is being sponsored by the Ministry of Municipal Affairs (MMA) and has been supported by Legislative counsel. Due to more urgent priorities, they were unable to include it on the 1999 legislative calendar. MMA will review the issue for the 2000 legislative calendar.

Comment by the Office of the Auditor General on the Response of the Ministry

Of the seven Recommendations endorsed by the PAC, one continues to remain outstanding. This recommendation was originally made in 1993, over six years ago. The change recommended is relatively straight forward, so we don't see any reason why it hasn't been implemented or can't be in the very near future.



compliance with the financial information act, regulation, and directive

(auditor general 1991 annual report, march 1991)

Recommendation of the Select Standing Committee on Public Accounts, June 1992 Report

Your Committee recommends that an amendment be made to the Financial Information Act respecting the definition of “Corporation” as follows:

“Corporation also means an organization or enterprise that is included in the reporting entity for purposes of the Government’s summary financial statements.”

Response of the Ministry of Finance and Corporate Relations

The Office of the Comptroller General has developed legislative amendments in the past, and again in 1998. The most recent proposal was to change the definition of “corporation” to require all consolidated entities in the summary financial statements to report under the Act; to shorten the time period for fiscal year-end reporting; and to update the schedule 2 listing of public bodies. The legislation was deferred due to competing legislative priorities.

Comment by the Office of the Auditor General on the Response of the Ministry

This recommendation was originally made in March 1991, over eight years ago. The change recommended is relatively straight forward and we believe ensures consistent application of this legislation to government organizations. We don’t see any reason why it hasn’t been implemented or can’t be in the very near future.



Summary of Audit Reports and Related Recommendations

Compliance-with-Authorities audits, reviews and studies (1991-98)

Proj. #	Reports	Compliance Assurance Opinions Issued	Recommendations in Public Reports	Treatment by Public Accounts Committee			Status of Implementation of Recommendations Per Government Officials			
				Endorsed	Not Endorsed	Not Discussed	Implemented	Resolved	In Process	No Action
1997/98 Report 4										
29	Loss Reporting in Government	Yes	7	7	-	-	5	-	2	-
28	Waste Management Permit Fees	Yes	4	4	-	-	4	-	-	-
27	Motor Dealer Act	Yes	18	18	-	-	9	1	8	-
1996/97 Report 10										
26	Privacy-Collection of Personal Information by the Ministry of Health	Yes	15	15	-	-	2	6	7	-
25	Ethics Codes in the Public Sector	No	10	10	-	-	7	-	3	-
1995/96 Report 5										
24	Special Warrants	No	1	-	1	-	-	-	-	1
23	Government Employee Numbers	No	4	4	-	-	3	-	-	1
22	Public Communications	No	2	-	2	-	-	-	-	2
1995/96 Report 3										
21	Home Support Services	Yes	15	15	-	-	10	3	2	-
20	Environmental Tire Levy	No	2	2	-	-	2	-	-	-
19	Safeguarding Moveable Physical Assets: Public Sector Survey	No	4	4	-	-	3	1	-	-
18	Consumer Protection Act: Income Tax Refund Discounts	No	2	2	-	-	1	-	1	-
17	FAA Part 4: Follow-up ⁽¹⁾	No	2	1	-	1	-	-	1	1
1994/95 Report 5										
16	Elevating Devices Safety Act	Yes	13	13	-	-	7	3	3	-
15	Travel Agents Act	Yes	12	12	-	-	12	-	-	-
14	FAA: Guarantees & Indemnities	Yes	16	16	-	-	9	4	3	-
13	Land Tax Deferment Act	Yes	4	4	-	-	-	-	4	-
1993/94 Report 4										
12	Statutory Tabling Requirements	Yes	12	12	-	-	1	-	11	-
11	Safeguarding Moveable Physical Assets	Yes	15	15	-	-	4	1	10	-
10	Treatment of Unclaimed Money	Yes	7	7	-	-	4	3	-	-
1993 Annual Report										
9	Compliance with the <i>Financial Disclosure Act</i> ⁽²⁾	Yes	11	7	-	4	9	-	1	1
8	Order-In-Council Appointments	Yes	4	4	-	-	4	-	-	-
7	Compliance with the <i>Financial Administration Act</i> Part 3	Yes	2	2	-	-	2	-	-	-
6	Compliance with the <i>Tobacco Tax Act</i>	No	0	-	-	-	-	-	-	-
5	<i>Financial Information Act</i> : Follow-up	Yes	7	7	-	-	7	-	-	-
4	Small Acts	No	0	-	-	-	-	-	-	-
1992 Annual Report										
3	Compliance with <i>Financial Administration Act</i> Part 4 ⁽³⁾	Yes	1	1	-	-	-	-	-	1
1991 Annual Report										
2	Compliance with <i>Financial Information Act</i>	Yes	1	1	-	-	-	-	1	-
1	Compliance with <i>Financial Administration Act</i> Part 4	Yes	0	-	-	-	-	-	-	-
Total recommendations from 29 audits/reviews/studies			191	183	3	5	106	22	56	7
Total compliance assurance opinions issued		19								

Note 1: The second recommendation from report #17 has not been discussed by PAC as it is addressed in more detail in report #24.

Note 2: The 4 recommendations not discussed by PAC were more detailed recommendations for the ministry. Three of the four have been implemented.

Note 3: This recommendation was repeated in report #17.

appendices

table of contents

Appendices

A: Compliance Audits Completed 1991 to Date	155
B: Compliance Audit Objectives and Methodology	157
C: Responding to Enquiries and Comments from the Public	162
D: Office of the Auditor General: 1999/2000 Reports Issued to Date	164

appendix a

Compliance Audits Completed 1991 to Date

1999/2000: Report 9

Pulp and Paper Mill Effluent Permit Monitoring
Standards of Conduct in the Education and Health Sectors
Status of Public Accounts Committee Recommendations
Relating to Prior Years' Compliance Audits

1997/98: Report 4

Loss Reporting in Government
Waste Management Permit Fees
Motor Dealer Act

1996/97: Report 10

Privacy: Collection of Personal Information by the Ministry of Health
Ethics Codes in the Public Sector

1995/96: Report 5: Issues of Public Interest

Special Warrants
Government Employee Numbers
Public Communications: Distinguishing Between Government
Program and Partisan Political Communications

1995/96: Report 3

Home Support Services
Environmental Tire Levy
Safeguarding Moveable Physical Assets: Public Sector Survey
Consumer Protection Act—Income Tax Refund Discounts
Financial Administration Act, Part 4: Follow-up

1994/95: Report 5

Elevating Devices Safety Act
Travel Agents Act
Financial Administration Act: Guarantees and Indemnities
Land Tax Deferment Act

1993/94: Report 4

Statutory Tabling Requirements
Safeguarding Moveable Physical Assets
Treatment of Unclaimed Money

1993 Annual Report

Compliance with the Financial Disclosure Act
Order-in-Council Appointments
Compliance with Part 3 of the Financial Administration Act
Compliance with the Tobacco Tax Act
Financial Information Act: Follow-up
Small Acts

1992 Annual Report

Compliance with Part IV of the Financial Administration Act
and its Related Regulations

1991 Annual Report

Compliance with the Financial Information Act, Regulation, and Directive
Compliance with Part IV of the Financial Administration Act
and its Related Regulations



appendix b

Compliance Audit Objectives and Methodology

Audit work performed by the Office of the Auditor General falls into three categories:

- Financial auditing;
- Performance auditing; and
- Compliance auditing.

Each of these categories has certain purposes and objectives that are expected to be achieved, and each employs a particular form of audit practice to meet those objectives. The following is a brief outline of the objectives and methodology applied by the Office for compliance auditing.

Authorities

Under our Canadian system of government, laws approved by parliament and provincial legislative assemblies are of paramount importance to our society.

Acts passed by the Legislative Assembly of British Columbia, including the *Supply Acts*, the *Financial Administration Act*, the *Financial Information Act*, and many others, provide the government and government organizations with direction on managing resources entrusted to them by the public, and on being accountable to the Legislative Assembly for the execution of these responsibilities. These Acts, or statutes, provide the legal basis for funding, delivering and administering the Province's social, economic, environmental and other programs.

Accordingly, it is important that the government ensures compliance with these statutes and related authorities. It is also important that this compliance be independently reviewed to ascertain whether public sector activities are carried out *intra vires* (within the scope of their authority). This is where compliance auditing plays an important role.

Compliance Auditing

Purpose of Compliance Audits

The purpose of compliance audits is to provide an independent assessment as to whether or not legislative and related authorities are being complied with, in all significant respects.

In addition to separate compliance audits, the Office of the Auditor General also performs financial audits and performance audits. While auditing for compliance with legislative and related authorities is the primary objective of compliance audits, auditing for compliance with authorities may also be included as part of financial audits or performance audits where there are authorities that are relevant to the objectives of those audits.

Nature of Legislative and Related Authorities

Legislative and related authorities include legislation, regulations, orders in council, ministerial orders, directives, by-laws, policies, guidelines, rules and other instruments, including codes of ethics or conduct. Through these authorities, powers are established and delegated.

Legislation may delegate broad powers to governments, ministers and officials who, in turn, may establish other related authorities, such as policies, to provide more detailed requirements that must be complied with by the organizations concerned. Such authorities are subordinate to enabling legislation and must not contradict or go beyond the directions and limitations set out in that legislation.

These authorities represent a basis for legislative control over the source and use of public resources, the operation and administration of programs, and the manner in which organizations are held accountable for choices made in the exercise of their functions. The structure thus has pervasive effect on the activities of governments and other publicly accountable organizations. Authorities also form the basis for communication between elected officials and the bureaucracy.

Audit Standards

Auditors are expected to comply with established professional standards, referred to as generally accepted auditing standards. Our compliance audits are conducted in accordance with generally accepted auditing standards established by the Canadian Institute of Chartered Accountants (CICA). These consist of the general,

examination and reporting standards prescribed in the CICA Handbook.

Audit Selection

We generally select specific sections in an Act, or in several Acts, having common objectives. In most instances, we do not audit all aspects of an Act in the course of one audit.

The primary legislative instrument which provides for administration of the financial affairs of the Province is the *Financial Administration Act*. Therefore, compliance with this Act is of regular and ongoing significance to our Office. Other legislation and related authorities are considered for audit purposes on a more cyclical basis, depending on such factors as: the extent of impact on government, non-profit or private organizations and the public; the significance of financial accountability reporting requirements; the degree of interest by legislators and the public; and the likelihood and impact of non-compliance with legislated requirements.

Audit Process

The audit process adheres to the professional standards mentioned above. Of particular note is that compliance-with-authorities audits differ from other audits in their degree of dependence on the identification of relevant authorities and the interpretation of the meaning of the specific authorities being audited.

In order to identify the relevant authorities, the auditor must obtain an in-depth understanding as to how the authorities are themselves approved and how relevant authorities can be identified. The audit process includes determining that related authorities are within the limits prescribed by legislation, and that there are no obvious inconsistencies, contradictions or omissions in the authorities.

In addition, whether or not an authority is being complied with will often depend on its clarity, and the consistency in which its meaning is interpreted. Because of the importance of such interpretations, we seek professional legal advice where necessary.

In an examination designed to report on compliance with authorities, we seek reasonable assurance that the authorities specified in the audit report have been complied with, in all significant respects. Absolute assurance in auditing is not attainable because of such factors as the need for judgment, the use of testing, and the inherent limitations caused by differing interpretations in the meaning of authorities.

Reporting the Results of Audits

Our public report on each audit is in two parts: a formal audit report, showing the scope of the audit and our overall opinion on compliance, and a more detailed, explanatory report.

The formal report includes the auditor’s professional opinion on whether or not the authorities that are the subject of the audit have been complied with, in all significant respects.

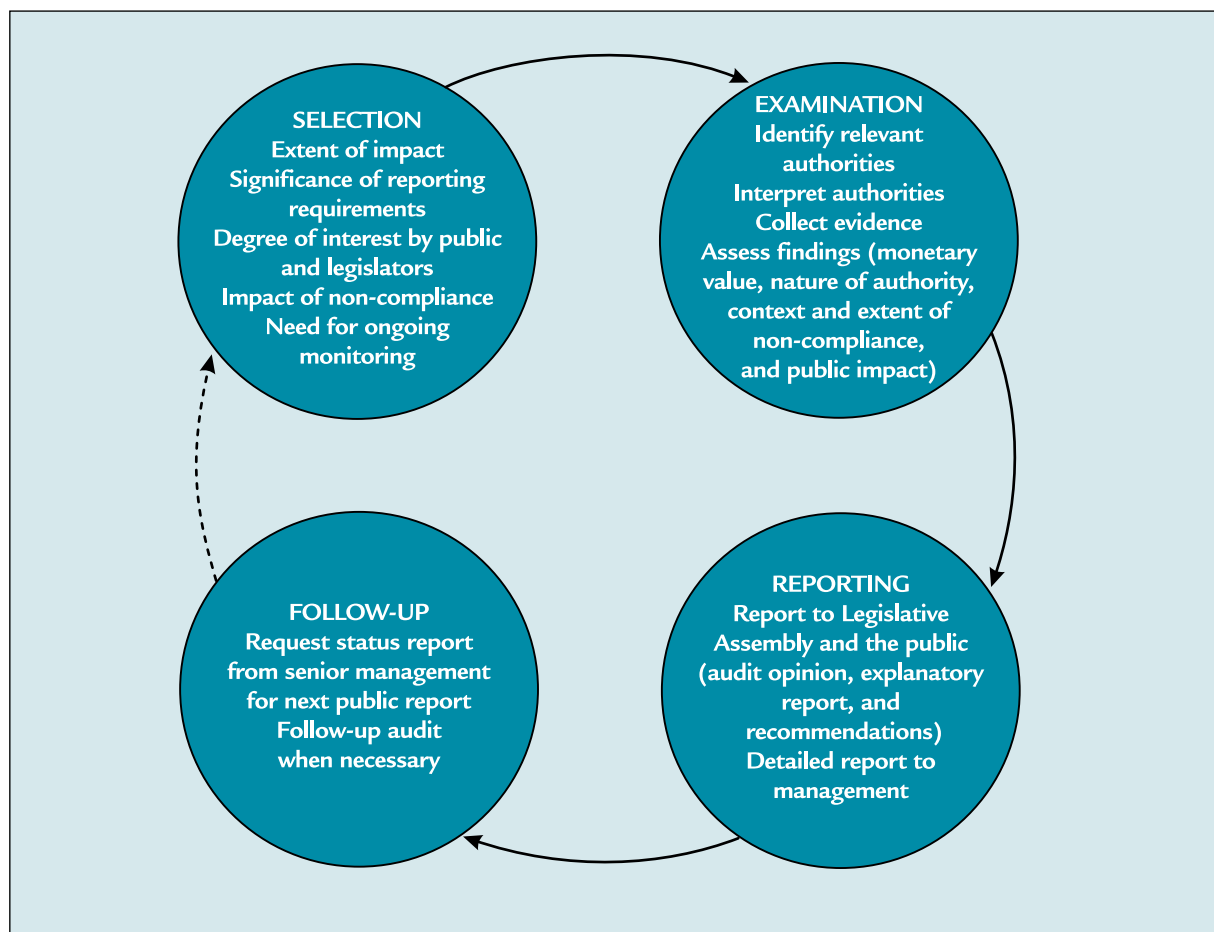
Our main considerations in assessing significance of non-compliance include monetary value, the nature of the authority or finding, the context within which compliance is to occur, and public interest.

In addition to the formal audit report, we provide a more detailed report that includes an explanation of what is required

Exhibit 3.1

Compliance Audit Stages

An outline of the activities performed at each stage



by the legislative and related authorities, the scope of our audit work, our overall observations, our detailed audit findings, and any other related observations.

When considered appropriate, we also make recommendations. The recommendations fall generally into three categories: to improve compliance with the legislative and related authorities; to improve operational effectiveness of the entity responsible for ensuring compliance; and, on occasion, to provide useful suggestions for improvements to existing authorities where they may have become administratively impractical or out of date.

There may be minor instances of non-compliance that either may not be detected by the audit or may not be worthy of inclusion in the report. We exercise professional judgement when assessing the significance of any non-compliance. For example, the needs of users of the report, the nature of the relevant authorities, and the extent of non-compliance must, among other things, be considered. As well, the significance of any non-compliance often cannot be measured in monetary terms alone.

We sometimes also issue a detailed management report of our findings to the ministry responsible for the legislation or the organizations affected by it. The relevant ministries or organizations are thus given an opportunity to respond to our findings, and we take this into account in the preparation of our public report.

When our public report on compliance audits completed in the past year is published, it is reviewed by the Select Standing Committee on Public Accounts of the Legislative Assembly of British Columbia. Recommendations made by the Committee in relation to our reports are followed up bi-annually by our Office with the ministries responsible to obtain from them a status report on their progress in implementing the Committee's recommendations. These status reports will be included in our next public report on compliance audits.



appendix c

Responding to Enquiries and Comments from the Public

During the year, a number of telephone calls, facsimiles and letters were received from the public and referred to the Compliance Auditing Unit for consideration. While all such communications are considered, we are not able to act on each one. Some matters are outside the scope of our Office, and for others, it is a question as to whether the information provided is specific enough, or important enough, to warrant diverting staff resources from our regular audit work. Sometimes, it is possible to include such matters as part of a larger audit, perhaps at a later date.

In some cases, although it may be a matter that we consider important, we decide that a ministry or other government organization is better suited to investigate. We do, however, request a report on the investigation, which we review to determine whether any further action by our Office is required.

The Office is responsible to, and reports to, the Legislative Assembly. The Office cannot undertake to report the results of any specific investigation back to the person who first raised the issue. However, because the information may be incorporated into our ongoing regular audit activity, the lack of any public report referring to an investigation does not mean that action is not being taken. If the Office investigates and considers the matter appropriate for reporting, it will be done in a public report.

During 1998/99, issues raised in 62 letters, facsimiles and telephone calls were considered. In addition, 6 issues raised in prior years were also considered. Except where the caller or writer was anonymous, we responded to each item received. The 68 issues and their disposition are as follows:

- We determined that six issues were outside the jurisdiction of the Office. We made suggestions to the complainant about where they might turn.
- We referred one issue to the relevant ministry for investigation. The ministry reported back on what they had found and the corrective action taken.

- We investigated six issues ourselves. We found additional information that the person contacting us had not been aware of, and determined that the issue had been correctly handled by government.
- Thirty seven issues were either not specific enough for us to act on, or were dropped after initial enquiries had been made. Of these, five were referred to audit teams who had already scheduled audits of the organizations concerned, in case the issue came up during the audit; 14 have been brought forward for possible inclusion in a larger audit at a later date; and three were referred to government ministries for them to follow-up as they saw fit.
- We resolved 18 issues by simply providing information to the callers.



appendix d

Office of the Auditor General: 1999/2000 Reports Issued to Date

Report 1

1999 Follow-up of Performance Audits/Reviews

Report 2

Report on Government Financial Accountability
for the 1997/98 Fiscal Year

Report 3

Maintaining Human Capital in the British Columbia
Public Service: The Role of Training and Development

Report 4

Managing the Woodlot Licence Program

Report 5

A Review of the Fast Ferry Project:
Governance and Risk Management

Report 6

Forest Renewal BC:
Planning and Accountability in the Corporation
The Silviculture Programs

Report 7

Report on the Preparedness of British Columbia
in Dealing with the Year 2000 Problem

Report 8

Social Housing:

**The Governance of the British Columbia Housing
Management Commission and the Provincial
Rental Housing Corporation
The Management of Social Housing Subsidies**

Report 9

**Pulp and Paper Mill Effluent Permit Monitoring
Standards of Conduct in the Education and Health Sectors
Status of Public Accounts Committee Recommendations
Relating to Prior Years' Compliance Audits**



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