FOLLOW-UP REPORT: UPDATES ON THE IMPLEMENTATION OF RECOMMENDATIONS FROM RECENT REPORTS

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OFFICE OF THE

Auditor General
of British Columbia

The Honourable Bill Barisoff
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
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Dear Sir:

As mandated under Section 11 of the Auditor General Act, I have the honour to transmit to the Speaker of the Legislative Assembly of British Columbia my 2011/2012 Report 12: *Follow-up Report: Updates on the implementation of recommendations from recent reports.*

This report includes 11 self-assessments from audited entities. It also includes a cumulative update on the implementation of all recommendations covered by my Office's follow-up reports since October 2009.

Of the 284 recommendations included in the cumulative update, 72% have been addressed. 61% have been fully or substantially implemented and 11% were addressed through alternative action by the respective agencies.

As always, and where still relevant, I will continue to follow up on all recommendations that are only partially implemented or where no substantial action has been taken.

John Doyle, MAcc, CA
Auditor General

Victoria, British Columbia
March 2012

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ON BEHALF OF THE Select Standing Committee on Public Accounts, every six months I ask audited agencies to provide progress updates regarding the implementation of the recommendations made in my Office's reports.

This is the eighth follow-up report issued during my term and it includes new updates on 11 pieces of work, as well as a cumulative update on the implementation of all recommendations covered by my Office's follow-up reports since October 2009 (page 4). The cumulative chart provides a rolling three-year progress update.

Of the 284 recommendations included in the cumulative update, 72% have been addressed: 61% have been fully or substantially implemented and 11% were addressed through alternative action by the respective agency. Since October 2008, when my Office began compiling follow-up reports of this nature, 83% of recommendations have been addressed.

The results of the 11 reports for which we recently requested self-assessments from the audited entities are summarized in a chart on page 6. Four of these were initial follow-ups, containing a total of 37 recommendations, and seven were subsequent follow-ups. Of the 55 outstanding recommendations, 38% have now been addressed, 53% are partially implemented and 9% have yet to be addressed.

Of the 34 recommendations that remain partially implemented or unaddressed, 16 (47%) are from the *Wireless Networking Security in Government: Phase 3* report (page 26). While this audit was only published in December 2011, detailed reports including our recommendations were presented in April 2011 to Camosun College and the University of British Columbia, the audited entities in the report. Gaps in wireless networking security present significant risk: I would expect these recommendations to be fully or substantially implemented by the summer when we request updates for our October 2012 follow-up report. Both Camosun and UBC state in their self-assessments that they anticipate significant progress in implementing these recommendations in 2012, and I look forward to seeing those results.

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Similarly, I note that three recommendations from our March 2010 wireless audit report (Phase 2) remain only partially implemented by government and Simon Fraser University. While my Office does not usually need a fourth follow-up to ensure that the recommendations are addressed, the security issues here are significant enough that I will do so in October 2012.

Of the 13 recommendations made in the *Aspects of Financial Management* compendium, (page 32-36) government reports that nine have been notably addressed. Government anticipates that the remaining recommendations will be focused on in fiscal 2012/13. In the meantime, I am considering undertaking further work in the area of working capital management within the SUCH[1] sector.

In my previous follow-up report, five of the nine recommendations in *Audit of the Agricultural Land Commission* had yet to be addressed, and I anticipated a subsequent follow-up in April 2012. However, government has since amended the *Agricultural Land Commission Act* and announced related funding. Thus, I have postponed my second follow-up until fall 2012 to give the Agricultural Land Commission time to adjust to these developments.

Finally, I am not satisfied with government's resistance to, and lack of action on, the two recommendations made in *BC Hydro: The Effects of Rate-Regulated Accounting* (page 14). I will do further work in this area. I am particularly concerned about the impact of this practice on BC Hydro's rates over time. All other options to correct this situation should be considered before resorting to rate increases.

As always, I will continue to follow up on recommendations that are only partially implemented or where no substantial action has been taken and that remain relevant. For a list of reports currently in the follow-up stage, please see Appendix A.

I invite Members of the Legislative Assembly — particularly members of the Public Accounts Committee — and other readers to provide feedback about which general areas or specific responses warrant further work.

With 83% of 533 recommendations addressed since we began compiling follow-up reports in October 2008, these reports demonstrate the positive results that can and will continue to be achieved through the audit and review processes.

My thanks to the participating agencies, both for providing updates when requested and for their work in implementing these recommendations.

John Doyle, MAcc, CA
March 2012

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[1] SUCH sector organizations include schools, universities, colleges and health authorities.

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THE AUDITOR GENERAL'S REPORTS often contain recommendations, specific to each audit topic, to improve the management of government resources and responsibilities. The number of recommendations varies with each audit, depending on the subject matter and the findings. The audit team discusses these recommendations with the audited organization before the report is published and encourages the organization to begin addressing them right away. The Select Standing Committee on Public Accounts (PAC) also reviews the recommendations and reports annually to the Legislative Assembly.

Follow-ups are a necessary process for ensuring that recommendations are addressed and that British Columbians receive full value from the Auditor General's work. On behalf of PAC, the Office of the Auditor General (the Office) follows up with agencies in varying formats, including action plans, agency self-assessments, progress assessments and progress audits.

ACTION PLANS

Agencies are asked to provide, within three months of the publication of the report, an action plan describing how they will implement the recommendations and by when. If the action plan is not available in time to publish in the report as part of the agency's formal response to the report, we post it on our website alongside the audit report once it is received.

SELF-ASSESSMENTS

Since October 2008, the Office has issued semi-annual follow-up reports such as this one. These reports are comprised of self-assessments by previously audited agencies. In their own words, agencies describe the progress they have made in implementing the Auditor General's recommendations and their plans going forward. We publish these submissions unedited and in their entirety so that readers can assess for themselves whether progress is satisfactory.

The initial follow-up is conducted approximately one year after the report is issued, often sooner for information technology reports because technology changes so quickly, as well as for urgent matters or where organizations had the opportunity to address significant issues in advance of the report's release. The Auditor General expects that most recommendations will be cleared in the initial follow-up.

Subsequent follow-ups may be required on outstanding recommendations or certain key recommendations that have not been satisfactorily addressed. Published within one year of the initial follow-up, subsequent follow-ups are also unedited self-assessments from the agency. In order to remain relevant, successive follow-ups where necessary will be conducted generally up to a maximum of two years.

PROGRESS ASSESSMENTS

A third form of follow-up involves assessing the organization's self-assessment of certain recommendations to confirm their reliability. The results of progress assessments are published in the next available semi-annual follow-up report.

PROGRESS AUDITS

The fourth form of follow-up is the progress audit whereby audit level assurance is provided as to the validity of the entity's self-assessments. This involves conducting the entire audit again. Given the resources required to complete this form of assessment, the Office has yet to conduct work of this nature and would only do so when prudent.

As always, your comments and feedback regarding the follow-up process are encouraged. Contact the Office of the Auditor General of British Columbia at bcauditor@bcauditor.com.

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Report	Report Initially Released	Number of Recommendations in Report	Cumulative Status of Recommendations			
			Fully or Substantially Implemented	Alternative Action Taken	Partially Implemented	No Substantial Action Taken
Education						
A Major Renovation: Trades Training in British Columbia	Nov 2008	11	10		1	
Planning for School Seismic Safety	Dec 2008	7	1		6	
Finance						
BC Arts Council Grant Administration	Dec 2008	9	6		3	
Management of Working Capital by Colleges and School Districts	Aug 2010	4	3	1		
Managing Fraud Risks in Government	Aug 2010	1			1	
Infrastructure Grants	Aug 2010	5	5			
Year-End Government Transfer Expenditures	Aug 2010	3			3	
BC Hydro: The Effects of Rate-Regulated Accounting	Oct 2011	2			1	1
Environment						
Preventing Fatalities and Serious Injuries in B.C. Forests: Progress Needed	Jan 2008	15	9	5	1	
Oil and Gas Site Contamination Risks: Improved oversight needed	Feb 2010	9	9			
Conservation of Ecological Integrity in B.C. Parks and Protected Areas	Aug 2010	7	1	1	5	
Audit of the Agricultural Land Commission	Sep 2010	9			4	5
An Audit of the Management of Groundwater Resources in British Columbia	Dec 2010	7	1		6	
Governance & Accountability						
Financial Framework Supporting the Legislative Assembly	Apr 2007	4		4		
Public Participation: Principles and Best Practices for British Columbia	Nov 2008	1		1		
How Are We Doing? The Public Reporting of Performance Measures in British Columbia	Dec 2008	4	3		1	
British Columbia Crown Corporations Executive Compensation Arrangements: A Work in Progress	Nov 2009	8	7	1		
School District 35 - Langley	Dec 2010	9	3		3	3

Report	Report Initially Released	Number of Recommendations in Report	Cumulative Status of Recommendations			
			Fully or Substantially Implemented	Alternative Action Taken	Partially Implemented	No Substantial Action Taken
Health						
Managing PharmaCare: Slow Progress Toward Cost-Effective Drug Use and a Sustainable Program	Mar 2006	15	15			
The Child and Youth Mental Health Plan: A Promising Start to an Urgent Need	Jun 2007	11	11			
Interior Health Authority: Working to Improve Access to Surgical Services	Aug 2008	12	8	2	2	
Electronic Health Record Implementation in British Columbia	Feb 2010	1	1			
Information Technology						
IT Audits of the Corporate Accounting System	2005/ 2006	25	24	1		
Wireless Networking Security in Victoria Government Offices: Gaps in the Defensive Line	Feb 2009	4	3		1	
The PARIS System for Community Care Services: Access and Security	Feb 2010	10	9		1	
Wireless Networking Security in Government: Phase 2	Mar 2010	17	8	6	3	
IT Continuity Planning in Government	Apr 2010	9	7		2	
Information Security Management: An Audit of How Well Government is Identifying and Assessing Its Risks	Dec 2010	6	5		1	
Wireless Networking Security in Government: Phase 3	Dec 2011	22	5	1	12	4
Social Services						
Management of Aboriginal Child Protection Services: Ministry of Children and Family Development	May 2008	10	4	6		
Home and Community Care Services: Meeting Needs and Preparing for the Future	Oct 2008	10	9		1	
Homelessness: Clear Focus Needed	Mar 2009	7	5	2		
Transportation						
Upkeep of the Provincial Roads Network by the Ministry of Transportation and Infrastructure	Nov 2010	10	1		8	1
Total Recommendations		**284**	**173**	**31**	**66**	**14**
Percent of Total Recommendations			**60.9%**	**10.9%**	**23.2%**	4.9%

	Report	Report Initially Released	Number of Recommendations in Report	Status of Recommendations			
				Fully or Substantially Implemented	Alternative Action Taken	Partially Implemented	No Substantial Action Taken
Initial Follow-ups							
1	An Audit of the Management of Groundwater Resources in British Columbia	Dec 2010	7	1		6	
2	Information Security Management: An Audit of How Well Government is Identifying and Assessing Its Risks	Dec 2010	6	5		1	
3	BC Hydro: The Effects of Rate-Regulated Accounting	Oct 2011	2			1	1
4	Wireless Networking Security in Government: Phase 3	Dec 2011	22	5	1	12	4
	Camosun College		*15*	*3*	*1*	*7*	*4*
	University of British Columbia		*7*	*2*		*5*	

		Number of Outstanding Recommendations After Previous Follow-up Report	Status of Recommendations			
Subsequent Follow-ups			Fully or Substantially Implemented	Alternative Action Taken	Partially Implemented	No Substantial Action Taken
5	Homelessness: Clear Focus Needed	Mar 2009	1	1			
6	Oil and Gas Site Contamination Risks: Improved Oversight Needed	Feb 2010	4	4			
7	Wireless Networking Security in Government: Phase 2	Mar 2010	3			3	
	Government		*2*			*2*	
	Simon Fraser University		*1*			*1*	
8	IT Continuity Planning in Government	Apr 2010	3	1		2	
9	Management of Working Capital by Colleges and School Districts	Aug 2010	3	3			
10	Managing Fraud Risks in Government	Aug 2010	1			1	
11	Year-End Government Transfer Expenditures	Aug 2010	3			3	
March 2012 Follow-up Total Recommendations			55	20	1	29	5
Percent of Total Recommendations				36.4%	1.8%	52.7%	9.1%

An Audit of the Management of Groundwater Resources in British Columbia

Released: December 2010
1st Follow-up: March 2012
Discussed by the Public Accounts Committee: February 10, 2011

Self-assessment conducted by Ministry of Environment (with Ministry of Forest, Lands and Natural Resource Operations)

The BC Ministry of Environment (MOE), together with the Ministry of Forests, Lands and Natural Resource Operations (MFLNRO) has been making progress regarding the seven recommendations made by the OAG in their 2010 performance audit on the management of groundwater in BC. For this self-assessment, we have included the original ministry response to each of the recommendations in the first paragraph. The subsequent paragraph(s) outline our progress to date on the commitments made in our response. As discussed below, some of the recommendations have been substantially implemented in 2011/12, many are underway or will be addressed through various government initiatives.

Recommendations

RECOMMENDATION AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 1: Ensure that classification of the province's aquifers is completed for all priority areas and that the WELLS database is kept up to date. The ministry should also ensure that aquifers are characterized, starting with those classified as having the highest priority.	**Fully or substantially implemented**

Actions taken, results and/or actions planned

Ministry response: The Ministry will continue to seek opportunities to carry out aquifer classification mapping. By 2011, the Ministry will also develop a list of priority areas for aquifer characterization. The Ministry will work with MFLNRO on collecting and managing groundwater data. Phase 2 of the Ground Water Protection Regulation, when enacted will require mandatory submission of well records and minimum reporting standards.

Mapping and classification of developed aquifers was undertaken for about 20% of the povince's developed aquifers in 2011/12, many in priority areas, in part as a result of funding from the Climate Action and Clean Energy fund. Key outcomes of this work will be the delineation and classification of new aquifers and the modification of existing classified aquifers.

All of the well records collected by the Ministry in 2011/12 are being entered into the WELLS database. Enhancements are also being made to WELLS to provide better access to well data.

MOE has also developed a list of 20 priority areas for more in-depth characterization. In 2011/12, MOE-MFLNRO have also initiated aquifer characterization studies in 3 areas of BC: Parksville-Qualicum Beach, Peace River region, and southern interior where groundwater availability is an issue or concern.

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Recommendations (Cont.)

Recommendation 2: Expand the Provincial Observation Wells Network and review the Provincial Ambient Groundwater Quality Monitoring Network to ensure there is sufficient monitoring of groundwater levels and quality across the province.	**Partially implemented**

Actions taken, results and/or actions planned

Ministry response: The Ministry will continue to implement the recommendations of the 2009 independent review to expand the Provincial Observation Wells Network. The Ministry will initiate a review of the Ambient Groundwater Quality Monitoring Network in 2011 to help assess groundwater quality in priority areas.

Following the recommendations of the 2009 Observation Well Network review, MOE-MFLNRO established over 20 observation wells, in 2011/12, to monitor groundwater conditions in developed aquifers, in the following areas: two in Langley, eight in the Okanagan Basin (in partnership with the Okanagan Basin Water Board), six in the Peace River, four in the Nanaimo area (in partnership with the Regional District of Nanaimo), and one on Savary Island. Roughly half of these wells have been equipped with dataloggers and are already operational; the remaining wells will be equipped and operationalized in 2012-13.

In addition, close to half of the current observation wells have been equipped with satellite telemetry that allows real-time measurement and reporting of well levels. Over the next 2 -3 years it is expected that the majority of the network will be updated with telemetry.

A review of the Ambient Groundwater Quality Monitoring Network was initiated but was not finalized due to a greater focus on work related to aquifer mapping, classification and characterization, the observation well network, and Water Act modernization. The completion of the review is planned for 2012/2013.

Recommendation 3: Take the lead on coordinating the consolidation of all of the groundwater monitoring information collected by provincial ministries and other agencies to reduce duplication of effort and to ensure the best use of limited resources.	**Partially implemented**

Actions taken, results and/or actions planned

Ministry response: The Ministry will work with MFLNRO, the Ministry of Health (MOH) and Regional Health Authorities to explore the feasibility of coordinating the consolidation of groundwater monitoring data collected by various parties.

An inventory of groundwater quality data collected by other agencies has been completed. A significant amount of source water quality data is collected by water supply systems regulated under the Drinking Water Protection Act. MOE initiated a pilot project with Fraser Health, four water supply systems in the Fraser Valley, MOH and MFLNRO to assess the feasibility of consolidating water quality data collected by public water supply systems into MOE's Environmental Management System database.

A substantial upgrade is planned for the comprehensive water data management system that includes groundwater observation well data. Enhancements are being made to the Ground Water Levels application to provide more timely access to groundwater data. In addition, consolidation/access to groundwater data is being examined through other government initiatives, such as Open Data BC.

Recommendations (Cont.)

Recommendation 4: Develop a groundwater information management strategy that takes into account detailed scientific information and identified trends, and ensure that the information required to support this strategy is collected, analyzed and available through one location.

Partially implemented

Actions taken, results and/or actions planned

Ministry response: By 2011, the Ministry will complete the review of the Groundwater Program in collaboration with MFLNRO. The program review will include the development of a groundwater information management strategy with associated actions (e.g., linking databases containing groundwater data, consolidating groundwater data in one location, explore how best to interpret and report groundwater data).

The review of the Groundwater Program was initated in 2010 but not completed as resources were directed towards aquifer mapping, classification and characterization, the observation well network and Water Act modernization. The work undertaken as part of the review in 2012/2012 included clarifying the roles and responsibilities between MOE and MFLNRO. Work on the assessment of groundwater information and reporting for various audiences was also undertaken. Historical data from the Provincial Observation Well Network was summarized in a comprehensive report and work has been initiated to develop indicators to report on conditions of specific, priority aquifers. Work is also currently under way to facilitate access to observation well data through the use of various on-line tools.

The complete review of the Groundwater Program, including the development of the information management strategy, is expected for 2012/2013.

Recommendation 5: Develop and deploy systems to protect groundwater from depletion and contamination and to ensure the viability of the ecosystems it supports.

Partially implemented

Actions taken, results and/or actions planned

Ministry response: The Ministry is working to modernize the Water Act by 2012, which will better protect groundwater from depletion and contamination, as well as provide for the sustainable management of aquatic ecosystems.

Introduction of the Water Sustainability Act is on track for spring 2013. The Act will include regulation of ground water extraction and use, complemented by a number of requirements including measuring and reporting, consideration of environmental flows in licensing decisions and enabling provisions for Watershed Sustainability Plans.

Recommendation 6: Develop a framework that clearly outlines the roles and responsibilities for managing groundwater provincially and locally, and ensure that agencies are able to take responsibility for groundwater in their area.

Partially implemented

Actions taken, results and/or actions planned

Ministry response: The Ministry will clearly define the roles and responsibilities of the various agencies involved in the protection and management of groundwater through Water Act Modernization and the Groundwater Program review.

Agency roles and responsibilities between natural resource agencies in the management of groundwater resources was completed in 2011. Roles and responsibilities with other agencies will be further clarified through work on the Water Sustainability Act and the ongoing Groundwater program review.

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Recommendations (Cont.)

Recommendation 7: Ensure that integrated watershed management plans are developed for all priority watersheds.   **Partially implemented**

Actions taken, results and/or actions planned

Ministry response: The Ministry will continue to promote existing tools to help with the development of watershed plans and will work to enable the development of watershed sustainability plans through the modernized Water Act.

One of the tools the Ministry is working on to help with watershed planning is to delineate source areas for water supply system wells in the Peace River. Once delineated, these source areas (or capture zones) will have legal protection from surface-based oil and gas activities under the Oil and Gas Activities Act.

Watershed-level planning will be enabled through the Water Sustainability Act. Plans will be completed through a collaborative process in areas where there is significant risk to water supply and water quality or where ecosystems are damaged. Additional tools, such as the provincial water objectives, will be developed to complement watershed-level planning and support the protection of water by ensuring water is considered in land and water use decisions.

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Information Security Management: An Audit of How Well Government is Identifying and Assessing Its Risks (*Summary Report*)

Released: December 2010
1st Follow-up: March 2012
Discussed by the Public Accounts Committee: February 9, 2011

Self-assessment conducted by the Office of the Chief Information Officer

The Ministry of Citizens' Services supports and appreciates the ongoing efforts of the Auditor General of BC in auditing the Security HealthCheck process and ministry responses. The Government of British Columbia places a high priority on the protection of information. The progress in implementing the recommendations will contribute to our ongoing efforts to protect information and technology resources.

The Government Chief Information Officer is pleased to report that many of the recommendations listed in the report have been addressed, or a plan is in place to address them.

Recommendations

RECOMMENDATION AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 1: Develop more detailed guidance for ministries to follow in gathering appropriate support at each scoring level in their annual security review self-assessments.	**Fully or substantially implemented**

Actions taken, results and/or actions planned

Work has been conducted by the Office of the Chief Information Officer (OCIO) to develop an Information Security Annual Compliance Review WIKI to provide ministry's with guidance on how to answer the ISO27001 control statements posed in their annual compliance review scorecard. The Wiki also provides an effective avenue to obtain feedback from ministries.

The OCIO Information Security Branch has created a web page for Compliance, which: hosts information pertaining to the Annual Government's Information Security Compliance Assessment; provides access to the iSMART application; provides elearning for the iSMART tool; and provides documentation on what is required in completing an assessment.

The OCIO Information Security Branch also provided a workshop on January 19th, 2012 attended by Ministry Inforamation Security officers and security analysts, to review the process and requirements for completing the annual information security compliance assessment.

Recommendation 2: Establish an audit process to ensure ministry assessment levels are reasonable and supported with Fully or substantially implemented sufficient and appropriate documentation.	**Fully or substantially implemented**

Actions taken, results and/or actions planned

Work has been conducted by the Office of the Chief Information Officer to develop an audit program to review ministry compliance results. Within the program the audit plan has been created, with two audits completed, and one audit set to be launched.

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Recommendations (Cont.)

Recommendation 3: Develop a process that will identify causes of fluctuations in ministry compliance results, and develop specific action plans to deal with those causes.	**Fully or substantially implemented**

Actions taken, results and/or actions planned

Work has been conducted by the Office of the Chief Information Officer to work with ministries in achieving a better understanding of the causes of fluctuations in their compliance results. The identification of causes in fluctuation of results will be brought forward through the audit program, ministries review of issues and subsequent action plans and through the compliance results generated from the assessments.

Recommendation 4: Require all ministries to complete a ministry-wide Security HealthCheck assessment regardless of whether a particular application is selected for a more detailed assessment.	**Fully or substantially implemented**

Actions taken, results and/or actions planned

Direction has been provided by the Office of the Chief Information Officer to ministries requiring them to provide a ministry wide assessment.

Recommendation 5: Work with ministries to develop compliance performance targets suited for each ministry.	**Partially implemented**

Actions taken, results and/or actions planned

Work is proceeding by the Office of the Chief Information Officer to work with ministries to define ministry specific compliance performance targets. A framework for this initiative has been completed.

Work has been conducted to obtain an independant analysis of the minisitres 2010/11 annual information security compliance assessments, as well as individual meetings conducted with each Ministry Information Security officer to obtain their feedback on the value of the annual reviews. Ongoing work with the Ministry Chief Information Officers will assist in determining the value of continuing with these annual reviews and setting targets or determining an appropriate alternate solution.

Recommendation 6: Ensure that all ministries use the same assessment tool for their information security self-assessments.	**Fully or substantially implemented**

Actions taken, results and/or actions planned

A standard has been implemented by the Office of the Chief Information Officer that defines the Information Security Management and Risk Tool (iSMART) as the standard risk and compliance assessment tool for government.

SELF-ASSESSED PROGRESS IN IMPLEMENTING RECOMMENDATIONS

BC Hydro: The Effects of Rate-Regulated Accounting

Released: October 2011
1st Follow-up: March 2012
Discussed by the Public Accounts Committee: November 25, 2011

Self-assessment conducted by Ministry of Energy and Mines (February 27, 2012)

As noted in the Ministry's response to the Auditor General's Report 8, 2011, and in the presentation to the Select Standing Committee on Public Accounts, the establishment and retention of rate regulated accounting is a policy choice that government has made to maintain rate stability. Both the establishment and clearance of regulatory accounts are subject to approval by the BC Utilities Commission (Commission).

Approximately one-half of the growth in deferral accounts projected over the next five years is related to capital-like accounts for items like demand-side management programs, Site C, and smart metering and infrastructure, where costs are deferred and recovered over the life of the assets that provide benefits to ratepayers. The other half of the increase is related to the adoption of International Financial Reporting Standards (IFRS), where items like overhead, currently on the balance sheet under property, plant and equipment, will now be recovered over the life of the assets through a regulatory account, and the different treatment of pension costs, which will be recovered over 20 years.

Recommendations

RECOMMENDATION AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 1: Determine, at the earliest opportunity, how BC Hydro will recover the net deferred costs in its regulatory accounts..	**Partially implemented**

Actions taken, results and/or actions planned

BC Hydro's regulatory accounts and the recovery of net deferred costs will be reviewed as part of BC Hydro's Revenue Requirements Application (RRA), which is currently before the Commission. A plan for the recovery of regulatory accounts during the test period was included in BC Hydro's amended RRA.

Recommendation 2: Prescribe that the annual financial statements for BC Hydro be prepared fully in accordance with Canadian generally accepted accounting principles.	**No action taken**

Actions taken, results and/or actions planned

The Ministry has consulted with the Office of Comptroller General, Ministry of Finance, which indicates it has no plans to recommend repeal Part 3 of Government Organization Accounting Standards Regulation (B.C. Reg. 257/2010) pending the ongoing review of rate regulated accounting guidance in IFRS.

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Wireless Networking Security: Phase 3 (*Summary Report*)
Camosun College

Released: December 2011
1st Follow-up: March 2012

Discussed by the Public Accounts Committee: this report has not yet been discussed

Self-assessment conducted by Camosun College

Camosun College is continuing to follow up on the recommendations as part of a wider focus on security of systems and enterprise data. Completion of most of the recommendations is expected to be accomplished during 2012.

Recommendations

RECOMMENDATION AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
MAINTAIN EFFECTIVE MANAGEMENT OF WIRELESS SECURITY	
Recommendation 1: Finalize and formally adopt the Information and Network Security Policy, and support the policy with detailed standards on wireless networking security and specific procedures or guidelines to manage wireless networking resources.	**Partially implemented**

Actions taken, results and/or actions planned

Policies have been developed and are now in the process of institutional review prior to final approval and publication. Standards, procedures and guidelines being updated.

Recommendation 2: Update communication of IT security policies, guidelines, procedures and standards to wireless device users; work to make people aware of the risks of using unsecured wireless networking; and communicate this message more visibly (e.g. by posting notices in Wi-Fi areas, by running a warning page on the log-on screen).	**No action taken**

Actions taken, results and/or actions planned

Natural follow up to Recommendation 1. When materials are approved and published, this recommendation will be completed.

Recommendation 3: Formalize the IT security function by detailing the responsibilities in the Senior Network and Security Administrator job description; and ensure that senior IT management provides strong oversight and monitoring of the IT security function.	**Fully or substantially implemented**

Actions taken, results and/or actions planned

IT security is defined as part of the role of the current Senior Network Administrator job description, which is current. The Director ITS is the senior technology position at the college and has oversight of the security function.

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Recommendations (Cont.)

Recommendation 4: Periodically update the job descriptions for key IT positions to ensure proper accountability for the associated roles and responsibilities.

Partially implemented

Actions taken, results and/or actions planned

Inventory of all ITS job descriptions has been done and key positions are in the process of review by the college.

Recommendation 5: Establish a formal training program for key IT staff to ensure that their knowledge in IT is kept up-to-date and they are able to properly maintain and install the network.

Alternative action taken

Actions taken, results and/or actions planned

The college and ITS does not have the financial capacity to implement this recommendation. Funding exists for targetted training and selected professional development opportunities.

Recommendation 6: Formally document the network infrastructure, with details showing how the network is integrated with the wired and wireless networks; and have senior IT management formally approve the network infrastructure diagram and update it periodically.

Partially implemented

Actions taken, results and/or actions planned

Documentation on network infrastructure is being completed by new network resources.

SECURE WIRELESS INFRASTRUCTURE

Recommendation 7: Change certain wireless connecting practices to higher level security settings.

No action taken

Actions taken, results and/or actions planned

The college requires a public wireless connection capability and feels this is a low risk.

Recommendation 8: Require all staff who have higher level access rights to systems, applications and data to use only secured wireless methods, such as Eduroam.

Partially implemented

Actions taken, results and/or actions planned

Eduroam is now fully functioning and will be the recommended wireless access for all staff.

Recommendation 9: Follow best practice to properly segment the IT network in order to mitigate the risk of the whole network being exposed should security be compromised.

Partially implemented

Actions taken, results and/or actions planned

Logistically challenging and the college feels that this is a relatively low risk.

Recommendations (Cont.)

Recommendation 10: Follow recognized best practices relating to password security, requiring the:

- regular changing of passwords;
- creation of effective passwords; and
- enforced change of passwords for key personnel.

No action taken

Actions taken, results and/or actions planned

Mandate for implementation of this recommendation still pending. Expected action for summer 2012.

MONITOR WIRELESS SECURITY

Recommendation 11: Implement secure back-up procedures for activity logs in case the original logs are accidentally or intentionally deleted or altered.

Fully or substantially implemented

Actions taken, results and/or actions planned

Done.

Recommendation 12: Establish formal policies and procedures for monitoring network activities. The policies should cover, at a minimum: types of monitoring; frequency of monitoring; designated authorized individuals; documentation requirements; retention of logs; and reporting.

Partially implemented

Actions taken, results and/or actions planned

Review and further development of documented procedures under way. Tools developed to regularly scan logs for anomalous activities.

Recommendation 13: Perform regular scanning to validate the functionality of the wireless controller to ensure it is functioning in accordance to expected functionality.

Fully or substantially implemented

Actions taken, results and/or actions planned

Done. Regular scanning continues.

Recommendation 14: Formulate action plans to deal with: unauthorized access devices; security/privacy breaches; and intrusive or malicious activities against the college network either through wired or wireless network.

Partially implemented

Actions taken, results and/or actions planned

Action plans are developed. Documentation and publication to come.

Recommendation 15: Ask the vendor to provide a list of criteria for use in determining whether the monitoring devices are programmed adequately with sufficient logic to detect malicious activities.

No action taken

Actions taken, results and/or actions planned

College is uncertain of the viability and practicality of this recommendation.

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SELF-ASSESSED PROGRESS IN IMPLEMENTING RECOMMENDATIONS

Wireless Networking Security: Phase 3 (*Summary Report*)
University of British Columbia

Released: December 2011
1st Follow-up: March 2012
Discussed by the Public Accounts Committee: this report has not yet been discussed

Self-assessment conducted by the University of British Columbia

The University of British Columbia would like to thank the Auditor General office for working with us to identify improvements to the management and security of our wireless LAN. We have made progress in all areas with two recommendations being fully or substantially implemented and expect to be able to fully or substantially complete the remaining items within the next year.

Recommendations

RECOMMENDATION AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
MAINTAIN EFFECTIVE MANAGEMENT OF WIRELESS SECURITY	
Recommendation 1: Expand WLAN policies to cover the minimum areas listed in best practice guides, in order to ensure the enforcement of undisputed direction for WLAN security and infrastructure.	**Partially implemented**

Actions taken, results and/or actions planned

UBC committed to performing a gap analysis against the points listed in the audit to identify which ones would be applicable for our institution and then implement the changes. To-date we have completed the gap analysis and are initiating the process of drafting changes to Policy #130.

Recommendation 2: Require that the Information Network Security Policy be supported by detailed formal documentation of standards on wireless security networking and by specific procedures and guidelines to manage wireless networking resources.	**Partially implemented**

Actions taken, results and/or actions planned

We are consolidating our technical, product, process and reference standards into detailed formal documentation and are approximately 50% complete.

Recommendations (Cont.)

Recommendation 3: Have senior IT management periodically review, update and approve key policies and guidelines.

Partially implemented

Actions taken, results and/or actions planned

The university has undertaken a new Information Security Management programme that has reviewed and substantially re-written the UBC Information Security Manual, which forms the main body of policy #106, UBC's primary security policy; the remaining two policies will be reviewed under the context of that programme, as a part of our overall information security governance on a regular basis. Reviews are to be conducted on an annual or bi-annual basis depending upon the policy.

Recommendation 4: Require that all job description documents for key IT personnel show evidence of having been formally approved, and when, by Human Resources and senior IT personnel.

Fully or substantially implemented

Actions taken, results and/or actions planned

Unfortunately, due to a change in our position management system, some of the older job descriptions were not transferred from the previous system to the new one, causing the discrepancies identified in this audit; however, all job descriptions in UBC IT have since been reviewed, within the context of a new IT career framework that was developed jointly with the central HR department, and all UBC IT job descriptions have been updated. Additionally, as part of the new Performance Development processes, managers review their employees JD's and makes notes on changes and justify those changes for the official records. Any significant changes are updated in the Position Management system and are then sent to HR to receive their formal approval.

MONITOR WIRELESS SECURITY

Recommendation 5: Implement secure back-up procedures for activity logs in case the original logs are accidentally or intentionally deleted or altered.

Fully or substantially implemented

Actions taken, results and/or actions planned

We have acquired and deployed a SIEM solution and are now capturing the activity logs thereby providing the back-up required.

Recommendation 6: Perform regular scanning to validate the functionality of the wireless controller to ensure it is functioning in accordance to expected functionality.

Partially implemented

Actions taken, results and/or actions planned

We previously had an informal practice of war-walking, whereby we validate the effectiveness of our automated rogue AP detection via the WCS. As a result of this recommendation we have formalised this process so that the results of that war-walking exercise are documented, tracked, correlated and reported to management on a regular basis. To carry out this activity we have hired an individual and are in the process of providing training to carry out the activity.

Recommendation 7: Ask the vendor to provide a list of criteria for use in determining whether the monitoring devices are programmed adequately with sufficient logic to detect malicious activities.

Partially implemented

Actions taken, results and/or actions planned

The Cisco WCS is a state of the art WLAN management system that detects rogue APs in real-time. We are working with the vendor on defining the necessary criteria.

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Homelessness: Clear Focus Needed

Released: March 2009
1st Follow-up: September 2010
2nd Follow-up: March 2012
Discussed by the Public Accounts Committee: June 9, 2010

Self-assessment conducted by the Ministry of Energy and Mines and Responsible for Housing, Ministry of Social Development, Ministry of Health, Ministry of Children and Family Development, and Ministry of Justice

Through the provincial housing strategy, Housing Matters BC, the provincial government has a multi-pronged strategy to address homelessness. Significant progress continues to be made:

- Since 2006, more than 10,000 homeless people have been connected to permanent stable housing.

- Today there are more than 1,600 permanent, year round shelter spaces available, compared to approximately 880 year-round beds in 2006. The majority of the permanent shelters are now open 24 hours, seven days a week and provide three meals a day.

- The Homeless Outreach Program has expanded from a $2 million budget and 30 communities in 2006, to a $6.4 million annual budget and nearly 50 communities today.

- Over 6,100 affordable housing units have been acquired, built or are under construction through the Provincial Homelessness Initiative since 2006.

- Twenty-six single room occupancy hotels have been purchased to protect affordable housing stock for low-income individuals. Since January of this year, 90% of new tenants at the Vancouver single room occupancy hotels have come from the street and from shelters.

The Province is also making progress in strengthening its approach to preventing homelessness by taking steps to ensure people leaving health care services, child protection and correctional facilities are not homeless upon their release. While protocols are already in place to ensure that clients are not discharged to the street, the government continues to assess its programs, policies and protocols with the goal of identifying gaps, strengthening processes, and implementing improvements. Key examples of this work are provided below.

Recommendations addressed in previous follow-up(s):

RECOMMENDATION	SELF-ASSESSED STATUS
Recommendation 1: Government develop a comprehensive plan to address homelessness.	**Alternative action taken**
Recommendation 2: Government designate a lead agency and assign specific roles and responsibilities to all of the significant agencies involved with addressing homelessness in British Columbia.	**Fully or substantially implemented**
Recommendation 3: Government provide guidance to municipalities in collecting homeless count data consistent with the information requirements of the Province and encourage municipal participation in homeless counts.	**Alternative action taken**
Recommendation 4: Government gather sufficient and appropriate information on homelessness so that it can identify key gaps in services to the homeless and use this information to better inform its decisions.	**Fully or substantially implemented**
Recommendation 5: Once government has defined a target for homelessness: ensure that the breadth and intensity of its strategies and programs are consistent with that target.	**Fully or substantially implemented**
Recommendation 7: Government improve its reporting related to homelessness so that the public and Legislature can understand its extent and whether or not progress is being made.	**Fully or substantially implemented**

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Outstanding Recommendations

RECOMMENDATION AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 6: Government strengthen its approach to preventing homelessness by taking steps to ensure that people leaving health care services, child protection and correctional facilities are not homeless upon their release.	**Fully or substantially implemented**

Actions taken, results and/or actions planned

Corrections and Health Care

- The Integrated Offender Management/Homelessness Intervention Project (IOM/HIP) provides offenders from Alouette Correctional Centre for Women and Fraser Regional Correctional Centre with integrated case planning and supported access to health and housing supports. The IOM/HIP pilot links the HIP key worker, correctional staff and outreach workers with high risk offenders identified as homeless or at risk of homelessness. IOM/HIP takes a preventative approach to assist clients transition from jail to stable housing upon release and to provide a range of health related services and supports these clients may need. Building on the success of the IOM/HIP pilot project in the Lower Mainland, the pilot is being considered for expansion to Victoria in 2012.

- The Ministry of Health is currently working with the Ministry of Justice to identify potential approaches to better addressing the needs of individuals with mental health and/or substance use who come into contact with the justice system, including:

  – Development of inter-agency guidelines and protocols to ensure continuity of mental health and substance use care for youth and adults who are entering or leaving corrections, or transitioning between services within the system
  – Targeted analysis of data from the Integrated Database, which includes data from the Ministries of Health, Justice, and Social Development, to inform the development of effective criminal justice system interventions for offenders with mental health and/or substance use issues
  – Formation of a community of practice for interdisciplinary approaches for mentally and/or substance use disordered offenders, which could be used as a training resource for continuous improvement, a policy development tool, and as a forum for knowledge exchange among allied professionals

- Nine Assertive Community Treatment (ACT) teams have been established in British Columbia that provide tertiary level care to those with complex mental illness and substance use diagnoses, providing treatment, improving access to housing and income supports, and health care with individuals who are traditionally high users of inpatient and correctional services. ACT has been shown to significantly reduce the need for inpatient care, homelessness and involvement in the correctional system and overall health needs. Provincial Program Standards of Care and an Evaluation Framework have been developed to ensure fidelity to the ACT model and the expected outcomes are achieved. Further, specific initiatives such as the Victoria Integrated Court ensure that when ACT clients are in contact with the correctional system, alternatives to incarceration are found, thereby improving the individual's ability to remain in their homes/community and not risking homelessness.

- Standards of care are also being developed for Intensive Case Management services, a less intensive model than ACT, but typically serving a higher substance using and often street population. These standards will guide the development of this program area which will also have a significant linkage to the inpatient and corrections systems.

- All health authorities have discharge planning procedures in place that include common elements to support the ongoing needs of individuals with mental health and substance use issues when they transition from hospital to the community, including residential treatment. Health authorities also support individuals with mental health and addictions issues being released from correctional custody facilities to the community through effective liaison and integrated practices with criminal justice personnel:

  – Individuals discharged from detox services or residential treatment facilities must be provided with support, including identifying and linking with appropriate community-based services and agencies

- Through the work on Integrated Primary and Community Care of the Ministry of Health Innovation and Change agenda, improvements in the integration of health services at the community level (including physicians) will consider options to avoid hospitalization and enhance continuity of care when individuals are discharged from a health facility, including attachment to a family physician for those who want one.

Outstanding Recommendations (Cont.)

Child Protection

- Co-ordinated planning between dedicated case management coordinators in youth custody centres, community probation officers, the youth's family and involved community partners ensures that every youth released from a youth custody centre has a plan in place that provides for repatriation to the youth's family or alternate caregiver, to established community based transition beds or contracted residential services, or, as appropriate, child welfare supports such as a Youth Agreement or child-in-care services such as foster care.

- Youth transitioning from child protection services can be supported for up to an additional two years after they turn 19 through the Agreements with Young Adults (AYA) program. AYA supports access to educational upgrading, rehabilitation and other living expenses such as housing, medical and child care.

- Prior to turning 19, a Youth Agreement (YA) can provide homeless high-risk youth with financial assistance through a Plan for Independence. The plan may include finding a safe place to live, meeting basic living and health needs, reconnecting with school and/or family, and job readiness training.

Other Highlights

- Through the Supportive Housing Registry, BC Housing housed almost 80 homeless/at-risk youths (aged 19 to 25) throughout the Lower Mainland in 2011.

- Youth were housed through a number of locations, including:

  – 30 units at St. Helen's Hotel in Vancouver, through a partnership with the Inner Youth Mental Health Team at St. Paul's Hospital in Vancouver

  – 12 units at Coast Mental Health's Pacific Coast Apartments in Vancouver

- BC Housing also provides funding for 22 emergency shelter beds at Covenant House in Vancouver.

- Provincial ministries are actively engaged in projects/initiatives to prevent homelessness including the Rural and Remote Homelessness project (funded by Service Canada) in collaboration with other community partners.

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Oil and Gas Site Contamination Risks: Improved Oversight Needed

Released: February 2010
1st Follow-up: September 2010
2nd Follow-up: April 2011
3rd Follow-up: April 2012   Discussed by the Public Accounts Committee: June 10, 2010

Self-assessment conducted by the BC Oil and Gas Commission

The Commission continues to oversee the risks associated with oil and gas contaminated sites through compliance and enforcement field activities, well suspension requirements, security deposits and management of the Orphan Sites Reclamation Fund. Management of contaminated sites has strengthened with the implementation of a liability management rating program, management and custody of security deposits and is further enhanced by administrative tools under the new Oil and Gas Activities Act.

The Commission issues more than a dozen public reports including an Annual Site Restoration Report which provides transparent contaminated sites reporting and includes performance measures, and an overview of the Commission's professional assurance model, wellsite contaminated risk information and inactive, legacy and orphan sites.

Recommendations addressed in previous follow-up(s):

RECOMMENDATION	SELF-ASSESSED STATUS
Recommendation 1: The OGC and the Ministry of Environment implement appropriate site classification guidelines for the restoration of oil and gas contaminated sites.	**Fully or substantially implemented**
Recommendation 2: The OGC assess the resources required to process backlogged sites once the site classification guidelines are operational.	**Fully or substantially implemented**
Recommendation 6: The OGC ensure that its well site information allows risks to be assessed and that regulatory oversight is provided to ensure that inactive sites are restored in a timely manner.	**Fully or substantially implemented**
Recommendation 8: The OGC complete its assessments of the remaining orphan wells and, where appropriate, complete their restoration.	**Fully or substantially implemented**
Recommendation 9: The OGC improve reporting to the Legislature and public about how effectively site contamination risks are being managed.	**Fully or substantially implemented**

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Outstanding Recommendations

RECOMMENDATION AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 3: The OGC assess the risks associated with legacy sites and develop a suitable work plan to deal with the risks.	**Fully or substantially implemented**

Actions taken, results and/or actions planned

The Commission has reviewed its role and responsibilities with respect to legacy sites and has developed a workplan to help manage the risks associated with these sites.

A summary report has been prepared for publication which summarizes what legacy sites exist and utilizes the Commission's Liability Management data combined with well construction, completion and production data to assess the inherent risk of these sites. Of the legacy sites, all but 54 wellsites can be linked to active companies that own or operate wells or production facilities in British Columbia or other jurisdictions.

These Companies are responsible for any reclamation or remediation costs that may occur regarding these sites.

Of the 54 wells that cannot be linked to existing companies, only two were placed into production (one gas well on private land and one oil well on Crown land). As such, it is expected that the collective environmental liability associated with these sites are minimal. The Commission is undertaking an investigation of these two remaining sites that were put into production.

Recommendation 4: The OGC work with the Ministry of Environment to implement an independent audit program.	**Fully or substantially implemented**

Actions taken, results and/or actions planned

The Commission has established contracts with third party environmental companies to provide site investigation services for compliance assurance assessments. The program is currently being reviewed to ensure it adequately incorporates potential environmental risks into the compliance assurance framework. The Commission will evaluate the need for periodic independent audits as a good management practice. In setting the criteria for assessments OGC consulted with the Ministry of Environment.

Section 10 of the Oil and Gas Activities Act came into force in October 2010, and provides authority for the Minister of Environment to order an audit of the performance of the Commission in relation to the protection of the environment.

Recommendation 5: The OGC work in conjunction with key government ministries and other stakeholders to assist in developing a formal program for conducting cumulative effects assessments.	**Fully or substantially implemented**

Actions taken, results and/or actions planned

The Ministry of Forests, Lands and Natural Resource Operations is currently undertaking a review of cummulative effect managment in B.C. and is in the process of establishing a trial project. The Commission is supporting this work as are the Ministry of Environment and the Ministry of Energy and Mines. Other related projects include the planned Mitigation and Offsetting Policy being developed by MoE as a guide for decision makers in the natural resource sector. The overall asssessment of cummulative impacts and effects is multi sector and is being developed using a multisector approach by Government.

With respect to the oil and gas sector, the Commission has worked with MFLNRO/MoE/MEM and others in the development of a tactical analysis approach at the lanscape/basin level (approximately 1,000,000 ha) as well as an analysis at the Land and Resource Management Plan (LRMP) level (approximately 10,000,000 ha) to analyze and interpret government's strategic direction for surface, subsurface and socio-economic values (value components).

Outstanding Recommendations (Cont.)

Recommendation 3: The OGC ensure that operator net assets and security deposits are sufficient, and reassessed on an ongoing basis, to cover the potential cost to the Province of dealing with site decommissioning and restoration.	**Fully or substantially implemented**

Actions taken, results and/or actions planned

The Commission's Liability Management Rating (LMR) program uses production and site information for all B.C. oil and gas operators to estimate the financial risk associated with oil and gas site restoration. Under the LMR program, each permit holder had calculated a deemed asset and a deemed liability to establish a LMR ratio that was used to review permit transfer applications. The Commission expanded the LMR program in November 2011 to require all permit holders that demonstrate financial risk to submit a security deposit if their ratio of assets to liabilities is below 1.0. Security deposits are now being collected under the expanded program, which will include bi-monthly assessments to identify any permit holders who's LMR ratio has dropped since the last assessment.

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SELF-ASSESSED PROGRESS IN IMPLEMENTING RECOMMENDATIONS

Audit of Wireless Networking Security in Government, Phase 2
Ministry of Labour, Citizens' Services and Open Government

Released: March 2010
1st Follow-up: April 2011
2nd Follow-up: October 2011
3rd Follow-up: March 2012   Discussed by the Public Accounts Committee: May 26, 2010

Self-assessment conducted by the Ministry of Labour, Citizens' Services and Open Government

Currently three recommendations are fully or substantially implemented and two are partially implemented.

Recommendations addressed in previous follow-up(s):

RECOMMENDATION	SELF-ASSESSED STATUS
Recommendation 1: To support the government's IM/IT (information technology and management) policies relating to wireless network security, government establish adequate procedures to ensure ministry compliance with the policies as established by the Office of the Chief Information Officer.	**Fully or substantially implemented**
Recommendation 2: Shared Services BC regularly update the job descriptions of all key IT personnel to ensure the roles and responsibilities are clearly delineated.	**Fully or substantially implemented**
Recommendation 5: For monitoring purposes, Shared Services BC develop a process for establishing and updating an inventory list of authorized wireless access devices and that the list be verified periodically.	**Fully or substantially implemented**

Outstanding Recommendations

RECOMMENDATION AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 3: Government develop a network access control solution for monitoring and detecting, on a real time basis, unauthorized computing devices — particularly wireless — connected to the government network, including devices that are not configured properly.	**Partially implemented**

Actions taken, results and/or actions planned

Shared Services BC completed an initial Proof of Concept for basic Network Access Control during the summer of 2010.

The current government environment has components from multiple vendors that may be used for our Network Access Control solution. During Fiscal Year 2012, an extended Proof of Concept will evaluate different scenarios including, but not limited to, government-owned devices vs. non-government-owned devices, wired and wireless network access, standard authentication vs. non-standard authentication. As a result of this Proof of Concept, a solution will be recommended.

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Recommendations (Cont.)

Recommendation 4: Shared Services BC implement mechanisms and procedures to scan and confirm that only properly configured and authorized wireless access devices are installed when connecting to the government network infrastructure.	**Partially implemented**

Actions taken, results and/or actions planned

Fully addressing this recommendation is dependent on the implementation of Recommendation 3. Network Access Control will fulfill this requirement.

Audit of Wireless Networking Security in Government, Phase 2
Simon Fraser University

Released: March 2010
1st Follow-up: April 2011
2nd Follow-up: October 2011
3rd Follow-up: March 2012   Discussed by the Public Accounts Committee: May 26, 2010

Self-assessment conducted by Simon Fraser University

Rather than considering wireless security in isolation, we have begun a review of our overall information security framework. Initial discussion at the senior IT Strategies committee is scheduled for February 9, 2012. Some technical progress has also been made on stronger wireless security, as described below.

Recommendations addressed in previous follow-up(s):

RECOMMENDATION	SELF-ASSESSED STATUS
Recommendation 1: Establish a formal IT committee with a strong mandate to oversee IT strategic direction, IT needs of the university community and, most importantly, the protection of the university's IT network.	**Fully or substantially implemented**
Recommendation 2: Establish an IT Security Officer position that has exclusive duties and responsibilities relating to IT security and is accountable to independent senior management.	**Fully or substantially implemented**
Recommendation 4: Establish policy and procedures to ensure that users are formally and regularly asked online to accept the policy for appropriate use of communication technology (including wireless) provided by the university.	**Alternative action taken**
Recommendation 5: Enforce periodic change of password.	**Alternative action taken**
Recommendation 6: Require staff with high-level access rights to systems, applications and data to access system resources using secured wireless methods only.	**Alternative action taken**
Recommendation 7: Conduct review to limit the use of ad hoc and peer-to-peer networking.	**Alternative action taken**
Recommendation 8: While monitoring wireless networking activities, ensure that log reviews are fully documented and include such information as the type of reports reviewed, the date of the review, and what action has taken place.	**Alternative action taken**

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Recommendations (Cont.)

RECOMMENDATION AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 3: Ensure that the Information Security Policy is supported with detailed wireless security standards and procedures to guide the implementation and maintenance of a robust wireless security network.	**Partially implemented**

Actions taken, results and/or actions planned

On the technical front, we have provided software to simplify the wireless configuration of client devices dramatically. This gives us leverage to put pressure on our entire user community (students, faculty, staff) to use our secure wireless SSIDs (SFUNET-SECURE, eduroam), rather than the insecure SFUNET. Even though all wireless access points are outside the network security perimeter of our enterprise applications, we will move gradually to tighten wireless security. As our revised information security framework is articulated, it will incorporate wireless security standards as recommended.

IT Continuity Planning in Government

Released: April 2010
1st Follow-up: April 2011
2nd Follow-up: October 2011
3rd Follow-up: March 2012   Discussed by the Public Accounts Committee: February 9, 2011

Self-assessment conducted by Emergency Management BC

SSBC and EMBC continue to address the recommendations of the Office of the Auditor General and are pleased to report on our status.

Work on recommendations 2 and 3 is currently under way with an anticipated conclusion in the fall of 2012. Please see below for details.

Recommendations addressed in previous follow-up(s):

RECOMMENDATION	SELF-ASSESSED STATUS
Recommendation 1: Preparation of a business impact analysis and risk assessments annually, as outlined in government policy.	**Fully or substantially implemented**
Recommendation 4: Assessment of risk associated with alternate arrangements being in the same geographical area as the primary operations and data centre facility, and feasibility of relocation.	**Fully or substantially implemented**
Recommendation 5: Finalization of business continuity plans for all mission-critical business functions.	**Fully or substantially implemented**
Recommendation 6: Preparation of disaster recovery plans to support the availability of significant operating environments and network infrastructures within the timelines required.	**Fully or substantially implemented**
Recommendation 7: Inclusion, in contracts with third-party providers of critical services, of provisions regarding both the preparation and testing of business and IT continuity plans and the assessment of risks where inclusion of these provisions is not feasible.	**Fully or substantially implemented**
Recommendation 9: Updating of business continuity plans for all mission-critical business functions annually.	**Fully or substantially implemented**

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SELF-ASSESSED PROGRESS IN IMPLEMENTING RECOMMENDATIONS

Outstanding Recommendations

RECOMMENDATION AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 2: Prioritization of the recovery of mission-critical applications at the ministry level and across government.	**Fully or substantially implemented**
Actions taken, results and/or actions planned	
EMBC maintains the Government Mission Critical Services List which identifies provincial service priorties. EMBC periodically forwards an updated list to Shared Services BC to facilitate priority based application recovery.	
Recommendation 3: Establishment of realistic and achievable recovery timelines for shared systems and program applications.	**Partially implemented**
Actions taken, results and/or actions planned	
SSBC and EMBC have launched Information Sessions which are designed to assist ministries with the development of realistic and achievable recovery timelines. SSBC has established and communicated recovery times to assist Ministries to clarify their own.	
Recommendation 8: Regular testing of continuity plans and restoration procedures for all mission-critical applications and supporting systems.	**Partially implemented**
Actions taken, results and/or actions planned	
The testing of restoration procedures for mission critical applications is a ministry responsibility, for their own managed apps and data sets. This may require the ministries to develop DRP (procedures) where none exist. Testing of supporting systems (SSBC managed infrastructure) is dealt with through existing contract language for DRP.	

Management of Working Capital by Colleges and School Districts (*Aspects of Financial Management*)

Released: August 2010
1st Follow-up: October 2011
2nd Follow-up: March 2012   Discussed by the Public Accounts Committee: October 20, 2010

Self-assessment conducted by the Ministry of Education and the Ministry of Advanced Education

Ministry of Education

The Ministry of Education and Provincial Treasury (Ministry of Finance) have formed the Effective Cash Management Working Grouping with school district officials to build a cash management strategy which deploys cash balances to reduce government debt and related debt service costs and centralizes investment management. The business model for supporting this strategy has been developed and was presented to School District Secretary-Treasurers throughout the province in December 2011. It is currently being tested by a pilot project, leading to a staged roll-out to ultimately all school districts.

Ministry of Advanced Education

In response to the OAG's report, the Ministry of Advanced Education (AVED) has conducted additional research into the college sector's cash-flow requirements, cash management and investment policies.

AVED has taken steps to strengthen the sector's accountability framework and ensured effective investment policies are in place. The sector has reduced excess liquidity and is optimizing collective purchasing power.

Recommendations addressed in previous follow-up(s):

RECOMMENDATION	SELF-ASSESSED STATUS
Recommendation 4: Government should consider pursuing opportunities to allow colleges and school districts to share purchasing power and investment expertise they do not all have at present.	**Alternative action taken**

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Outstanding Recommendations

RECOMMENDATION AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 1: Government should review how the accountability frameworks and the mechanisms for delivering funds interact to influence decision making in colleges and school districts around working capital management. The framework should be designed so that appropriate incentives are in place to encourage good working capital management.	**Fully or substantially implemented**

Actions taken, results and/or actions planned

Ministry of Education:

Through the work of the Effective Cash Management Working Group -- with representatives from the Ministry of Education and Provincial Treasury (Ministry of Finance) and School District Secretary-Treasurers -- incentives to encourage good working capital management are investigated. For example, the Group has developed a new cash management strategy which provides school districts with the ability to deposit their cash with the province in exchange for compensation. The objective is to reduce the province's debt burden without impacting school district governance, budgets and entitlement to the cash, and thereby offer appropriate incentives for good cash management.

Ministry of Advanced Education:

The Ministry of Advanced Education has built a strong accountability framework that focuses on student outcomes. The Ministry and the public-post secondary institutions annually collect feedback from former students, who report high levels of satisfaction with the relevance of the skills and knowledge they gained and the positive impact their education had on their readiness for the labour market. In addition, the Government Letter of Expectations with each college has been strengthened to include accountabilities that influence effective working capital management by aligning financial resources with Government's priorities, and working collaboratively to create efficiencies and maximize investments in post-secondary education.

Recommendation 2: Government should pursue opportunities to access and reduce excess liquidity in colleges and school districts. For example, the timing of payments could be aligned with forecasted operating cash flow requirements and excess cash could be deposited with central government in order to improve investment returns or reduce government borrowing costs.	**Fully or substantially implemented**

Actions taken, results and/or actions planned

Ministry of Education:

Further to the response to Recommendation 1 above, in December 2011 the Effective Cash Management Working Group presented its new cash management strategy and details for implementing the supporting business model to School District Secretary-Treasurers in the province. As a result, a pilot project with sample School Districts has started to test the model with the objective of a staged roll-out to ultimately encompass all school districts. The strategy is fully functional and the pilot project will be used to ensure a smooth implementation for roll-out of the strategy to all school districts. Currently there is about $20 million of school district cash on deposit centrally with government.

Ministry of Advanced Education:

Data collected by the Ministry of Advanced Education has shown that cash flow requirements will vary depending on an institutions' size, geographic location, number of campuses, regional economy and reliance on provincial funding. Individual institution's tuition and other revenue collection policies also significantly influence when revenues are received. As tuition revenues account for approximately 25% of total revenues, they naturally create cash balance ebbs and flows: during high tuition revenue periods (approximately four months of the year) institutions deposit excess cash in short-term investments. During the remainder of the year they are either drawing down cash balances and short-term investments, or sourcing additional funds through short-term borrowing. In addition, the current requirement for institutions to balance annual financial results influences the level of cash that must be retained at fiscal year-end in order to offset non-cash expenditures (such as amortization). Since the OAG report in 2008/09, the sector has better aligned liquid assets to meet current liabilities by reducing the current ratio from 1.42 to 1.21 in 2010/11. AVED has also implemented a just-in-time cashflow system to institutions for one-time health program payments.

Outstanding Recommendations (Cont.)

Recommendation 3: Government should pursue opportunities to improve investment management either by centralizing the management of investments or by providing clear direction and support to colleges and school districts.	**Fully or substantially implemented**

Actions taken, results and/or actions planned

Ministry of Education:

The cash management strategy implemented by the Ministry of Education, described in the response to Recommendations 1 and 2, has established a mechanism for centralizing investment management of cash and temporary investments with the province.

Ministry of Advanced Education:

Ministry of Advanced Education (AVED) research shows that 64% of the institutions have board-approved investment policies in place, which cover 97% of total investments in the sector. In order to ensure best-practices in investment management are being used within the sector, on December 20, 2011, correspondence was sent from AVED to all public post-secondary institutions which contained valuable investment policy information and guidlines, and requested institutions to ensure they have implemented board-approved investment management policies that reflect best-practices, by March 31, 2013.

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Follow-up Report: Updates on the implementation of recommendations from recent reports

Managing Fraud Risks in Government (*Aspects of Financial Management*)

Released: August 2010
1st Follow-up: October 2011
2nd Follow-up: March 2012   Discussed by the Public Accounts Committee: November 17, 2010

Self-assessment conducted by the Ministry of Finance

Substantial progress has been made in updating Government's policies and procedures on clarifying roles and responsibilities on fraud risk management. Work is also underway in providing more coordination among ministry investigation units for reporting losses.

We have assessed our overall status as partially implemented.

Outstanding Recommendations

RECOMMENDATION AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 1: Government adopt the five fraud risk management principles we have drawn up and use them as the basis for developing and implementing a comprehensive fraud risk management strategy.	**Partially implemented**

Actions taken, results and/or actions planned

New policy has been drafted to clarify responsibilities for fraud detection, prevention and reporting, and consequences of fraudulent behaviour. Expected to be implemented in 2012/13 fiscal year. After the policy has been implemented, our self-assessed status will be substantially implemented.

A working group has been established to look at coordinating with the various investigation units in ministries on providing consistent loss reporting in government. We have assessed our status as partially implemented.

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Follow-up Report: Updates on the implementation of recommendations from recent reports

SELF-ASSESSED PROGRESS IN IMPLEMENTING RECOMMENDATIONS

Year-End Government Transfer Expenditures (*Aspects of Financial Management*)

Released: August 2010
1st Follow-up: October 2011
2nd Follow-up: March 2012   Discussed by the Public Accounts Committee: November 16, 2010

Self-assessment conducted by Office of the Comptroller General

The implementation of revised PSAB guidance on Government Transfers is underway and will be the main initiative to address the recommendations in the report. The implementation will be completed in fiscal year 2012/13 and will focus on policy guidance, and, operational tools and strategies, as well as financial accounting.

Outstanding Recommendations:

RECOMMENDATION AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
Recommendation 1: In keeping with good financial management practices, government not advance significant government transfers until the funds are needed by the recipient, unless the results of a cost-benefit analysis show there is a net benefit.	**Partially implemented**

Actions taken, results and/or actions planned

Transfers and transfer programs are designed to ensure risks and opportunities are assessed to determine the appropriate schedule of payments for significant government transfers. Policy and procedural tools are being developed to support ministries administration of transfer programs.

Recommendation 2: All transfer agreements include appropriate accountability requirements and provisions to recover or re-direct any funds not spent for the intended purposes.	**Partially implemented**

Actions taken, results and/or actions planned

Transfers and transfer programs are reviewed to ensure appropriate accountability provisions are included in transfer agreements. Policy and procedural tools are being developed to support ministries administration of transfer programs.

Recommendation 3: Government ensure that government transfers are recorded consistently to provide better information for financial management and decision making.	**Partially implemented**

Actions taken, results and/or actions planned

Transfers and transfer programs are recorded and reported consistently as government transfers. Training and guidance is provided to support ministries transition to revised PSAB guidance in fiscal year 2012/13.

This appendix details the Office of the Auditor General's current schedule for follow-ups over the next 12 months.

For more information on the follow-up process, please see "An Explanation of the Follow-Up Process" on page 3.

Reports by Sector	Report Initially Released	1st Follow Up	2nd Follow Up	3rd/4th Follow Up
Education				
School District 35 – Langley	Dec 2010	Oct 2011	Oct 2012	
Managing for Results: Post-Secondary Accountability Framework Audit	Dec 2011	Oct 2012		
Environment				
Conservation of Ecological Integrity in B.C. Parks and Protected Areas	Aug 2010	Oct 2011	Oct 2012	
Audit of the Agricultural Land Commission	Sep 2010	Oct 2011	Oct 2012	
An Audit of the Management of Groundwater Resources in British Columbia	Dec 2010	Apr 2012	Oct 2012	
An Audit of the Environmental Assessment Office's Oversight of Certified Projects	Jul 2011	Oct 2012		
An Audit of the Ministry of Forests, Lands and Natural Resource Operations' Management of Timber	Feb 2012	Apr 2013		
Finance				
Managing Fraud Risks in Government	Aug 2010	Oct 2011	Apr 2012	Oct 2012
Year-End Government Transfer Expenditures	Aug 2010	Oct 2011	Apr 2012	Oct 2012
BC Hydro: The Effects of Rate-Regulated Accounting	Oct 2011	Apr 2012	Oct 2012	
Organizational Costing of Fee-Based Goods and Services	Dec 2011	Oct 2012		
Governance & Accountability				
The Status of Enterprise Risk Management in the Government Ministries of British Columbia	Jun 2011	Oct 2012		
Health				
Hand Hygiene: Self-Assessment	Dec 2010	Oct 2011	Oct 2012	
Information Technology				
Wireless Networking Security in Government: Phase 2	Mar 2010	Apr 2011	Oct 2011	Apr 2012, Oct 2012
IT Continuity Planning in Government	Apr 2010	Apr 2011	Oct 2011	Apr 2012, Oct 2012
Information Security Management: An Audit of How Well Government is Identifying and Assessing its Risks	Dec 2010	Apr 2012	Oct 2012	
Wireless Networking Security in Government: Phase 3	Dec 2011	Apr 2012	Oc 2012	
Justice & Public Safety				
British Columbia Coroners Service	Jul 2011	Oct 2012		
Effectiveness of BC Community Corrections	Dec 2011	Apr 2013		
Transportation				
Upkeep of the Provincial Roads Network by the Ministry of Transportation and Infrastructure	Nov 2010	Oct 2011	Oct 2012	