

# SELF-ASSESSED PROGRESS IN IMPLEMENTING RECOMMENDATIONS

## Infrastructure Grants

Released: August 2010

1st Follow-up: October 2011

Discussed by the Public Accounts Committee: November 2010 Transcript

### Self-assessment conducted by the Ministry of Community, Sport and Cultural Development and Ministry of Transportation and Infrastructure

Both the Ministry of Community, Sport and Cultural Development (MCSCD) and the Ministry of Transportation and Infrastructure (MOTI) have taken several actions to address the OAG's recommendations. Key Initiatives include:

#### Provincial Programs:

- improved public reporting;
- development and tracking of quantified performance measures;
- development of the Local Government Information System (an online database);
- improved documentation for program procedures and risk management;
- program and financial compliance audit plans for provincial programs.

#### Joint Federal/Provincial Programs

- developing public website to highlight projects.
- improved documentation for program procedures and risk management.
- enhancement of coordination and procedures with federal partners to ensure federal and provincial funding sources are identified, reconciled and are in compliance with terms of agreements and guidelines.

## Recommendations

RECOMMENDATION AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
<b>Recommendation 1:</b> Specific, measurable, outcome-oriented goals be set for each program so that the ministry can develop benchmarks and collect appropriate information to publicly report program results.	<b>Fully or substantially implemented</b>

### Actions taken, results and/or actions planned

In 2010 MCSCD made available online Program Progress Reports for the LocalMotion and Towns for Tomorrow programs. The Program Progress Reports publicly report on the status of the programs and the projects which they support. MCSCD has prepared similar annual public progress reports for all provincial only capital grant programs. Performance measures are now included in these reports. The newly developed reports and updated 2011 reports for LocalMotion and Towns for Tomorrow are available on program websites. To view Program Status Reports for LocalMotion and Towns for Tomorrow, go to:

- [www.localmotion.gov.bc.ca/progress\\_report.html](http://www.localmotion.gov.bc.ca/progress_report.html) and
- [www.townsfortomorrow.gov.bc.ca/progress\\_report.html](http://www.townsfortomorrow.gov.bc.ca/progress_report.html)

Although there are challenges in creating quantifiable performance measures for provincial programs that fund projects as diverse as bike lanes, sewage treatment plants and community centre retrofits, MCSCD will refine its goal-setting and performance measures tracking for future programs.

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## Recommendations (Cont.)

(Cont.)

MCSCD is currently developing the Local Government Information System (LGIS) which will help with public reporting on program progress and results. This online database will collect information that will assist in a broad range of public reporting including MCSCD's Service Plan, provincial Program Progress Reports and reports generated by the federal government for federal/provincial programs.

MCSCD is also involved with the development of internal financial and infrastructure benchmarking initiatives which will support the development of future programs and identification of realistic, quantifiable, outcome-orientated goals when future funding opportunities are identified and programs developed.

Both MCSCD and MOTI will continue to work with their federal partners in the development of more specific program measures and goals for future joint programs, keeping in mind the need for measures that can be applied Canada-wide and which address a diverse range of topics.

MOTI is developing a public website that will provide project information for projects throughout the province. The intention is to allow citizens the ability to easily find information. The website will highlight ministry projects, including joint federal/provincial projects.

Both Ministries will continue to report project progress information to their federal partners, who provide periodic updates on Canada's Economic Action Plan. Ongoing public announcements are made jointly with municipal and federal partners on a project by project basis rather than by program. These announcements provide the public with information on the project, completion and benefits. In addition, existing program websites will continue to provide an online location for the public to access program and project information.

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<b>Recommendation 2:</b> Ministries employ principles of proper records management including retaining records for the complete legislated retention period and documenting risk assessments, reasons for funding decisions and reviews of expenditure claims and progress reports.	<b>Fully or substantially implemented</b>
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### Actions taken, results and/or actions planned

With one exception noted in the report, both Ministries maintain full records for all infrastructure programs, both electronically and in paper form. While clear eligibility and evaluation criteria were established for the first year of the LocalMotion program, some elements of the assessment process were not well documented. MCSCD recognized improvements were necessary and adopted a fully documented process for the subsequent years of that program.

Additionally, both Ministries are taking action to enhance existing risk management documentation including development of a comprehensive risk management protocol which pulls together all existing risk management measures into a consolidated document. The draft document is complete and is scheduled for finalization by Fall 2011.

A new project-by-project risk assessment tool has also been established. MCSCD piloted it in the recent Towns for Tomorrow application assessments.

Finally, decision records for Towns for Tomorrow were developed and implemented for the 2011 approval process. Where required, this procedure will be implemented for future provincial only programs. This procedure is already in place for federal/provincial programs.

All programs have in place effective procedures and documentation for the review of expenditure claims. Procedures for the review of progress reports have been updated to ensure consistent documentation across all programs.

Both provincial and federal staff have undertaken site visits to a number of joint federal/provincial projects over the past year including MRIF and BCF projects. Site visits will continue for the duration of the Canada/BC programs.

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# SELF-ASSESSED PROGRESS IN IMPLEMENTING RECOMMENDATIONS

## Recommendations (Cont.)

**Recommendation 3:** Procedures be established to enable the Province to reconcile sources of federal and provincial funding for each project, in this way ensuring compliance with Canada/British Columbia cost-shared agreements and provincial program funding guidelines.

**Fully or substantially implemented**

### **Actions taken, results and/or actions planned**

The Ministries have enhanced coordination and procedures with federal and provincial partners to ensure federal and provincial funding sources are identified, reconciled and are in compliance with terms of agreements and guidelines. The Ministries continue to draw attention to the program guides, application forms and claim reporting documents that address funding guidelines. The Final Report form has been updated to ensure recipients document the sources of federal and provincial funding received for a project. This allows the Ministries to identify and address any potential compliance issues prior to release of the final payment.

The federal/provincial Joint Secretariat has committed to develop a procedural guide that will support both federal and provincial staff in ensuring compliance with federal/provincial cost-shared agreements, the Gas Tax fund, and provincial program funding guidelines. Deliverable is expected in Fall 2011. Western Economic Diversification, MCSCD, MOTI and the Union of British Columbia Municipalities are collaborating on the guide.

**Recommendation 4:** An overall plan for monitoring projects be established for provincial programs. It should include the audit of a sample of projects annually, particularly all higher risk/or higher value projects, to ensure that only claims for valid expenditures are paid, and projects are completed as required.

**Fully or substantially implemented**

### **Actions taken, results and/or actions planned**

As recommended, MCSCD initiated financial compliance audits for provincial only programs similar to those found in the federal and provincial funding programs. All infrastructure programs have monitoring procedures, a claims process based on eligible costs, and quarterly and final progress reporting.

Additionally, a comprehensive program wide audit plan was developed and implemented for provincial programs and carried out by the Office of the Comptroller General (OCG). The initial draft audit report and fact-finding has been received by MCSCD and comments have been shared with the OCG. A final draft is expected by the end of August, 2011. The purpose of the audit, beyond meeting the OAG recommendations, was to:

- provide reasonable assurance to MCSCD's executive that individual project costs financed under the program comply with the terms and conditions of the agreement and that all project costs are supported by appropriate documentation; and
- to assess whether local governments' procurement practices support the principles of fairness, transparency and competitiveness and measurable program benefits have been achieved.

Since the report is still in draft form, providing comments on the outcomes is premature. However, some of the facts identified in the report are worth sharing at this time. The report identified greater than 98% financial compliance with the expenditures/claims reviewed. The audit's recommendations note that after deductions of ineligible costs, many recipients would still claim the maximum grant amount. The report identifies that programs and projects are being well managed and that value for money is being achieved. The report also identified a need to improve performance measures which MCSCD has now addressed in the 2011 Program Progress Reports.

Additionally MCSCD is re-instating its site-visit practices to enhance accountability and risk management of all programs/projects.

Both Ministries continue to perform financial compliance audits on all of its federal/provincial programs. The latest audit identified greater than 99% compliance with program financial requirements. Audit plans are in place for this year's recipient financial compliance audit and the Build Canada Fund - Communities Component Program audit, both of which are scheduled for completion in spring 2012.

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## Recommendations (Cont.)

**Recommendation 5:** 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. **Fully or substantially implemented**

### **Actions taken, results and/or actions planned**

MSCSD will continue to evaluate the costs and benefits of advance payments and accelerated funding on a case-by-case basis.

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