



PERFORMANCE AUDIT COVERAGE PLAN

2020/21 - 2022/23



CONTENTS

Auditor General’s message	3
Background	5
What we do	5
How we select audit topics	6
How we will use this plan	7
What happens next	7
Current audits	9
Future audits	11
Audits removed	13
Summary of coverage by sector	16
Appendix: Compliance, controls and research audits	18

The Office of the Auditor General of British Columbia would like to acknowledge with respect that we conduct our work on Coast Salish territories. Primarily, this is on the Lkwungen-speaking people’s (Esquimalt and Songhees) traditional lands, now known as Victoria, and the W̱SÁNEĆ people’s (Pauquachin, Tsartlip, Tsawout, Tseycum) traditional lands, now known as Saanich.



AUDITOR GENERAL'S MESSAGE

RUSS JONES, FCPA, FCA, ICD.D
Acting Auditor General

Each year, my office produces two coverage plans—the Financial Statement Audit Coverage Plan and the Performance Audit Coverage Plan—which together, provide a roadmap of the work we plan to undertake over the next three years.

This plan—the Performance Audit Coverage Plan—details the 12 performance audits we are currently working on and the 33 audits we intend to start between now and March 31, 2023.

In selecting our performance audits, we aim to cover a variety of sectors, always trying to ensure that our work is relevant and of the greatest value to the legislative assembly and the people of B.C. Our audits are a result of extensive planning as well as consultation with our stakeholders, where we consider the significance, risk, relevance, timing and impact of our work on both the organizations we audit and the people of B.C. We try to be flexible and responsive in our work, which forces us to shift if new priorities emerge, or as the environment we operate in changes.

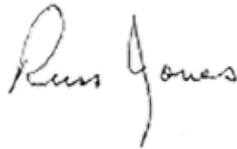
For example, it is not unusual for us to start early planning, and depending on the information we collect, decide to defer further work to a later date. This can be for a number of reasons, one of which may be because the area being audited is undergoing significant change, and we can add more value by waiting for those changes to take effect. During the past year, we started early planning on some topics identified in our coverage plan and for a variety of reasons, decided to defer the audit. These topics remain in our planned work over the next three years and we will monitor progress to determine the best time to resume.

We have also adjusted our long-term plans by removing 18 audits from our list of future work. In many cases there are ongoing changes in the area that impact the significance, relevance and risks we had originally identified. However, for two of the audits, we removed them because our full budget was not approved. For each audit we removed, we determined that our limited resources would be better used elsewhere. However, this plan does not reflect any changes that may occur due to the current COVID-19 situation (including timing and/or service delivery commitments). Also, due to the appointment of a new Auditor General, this report may not reflect our current priorities. We will provide updates as they occur.

One area where we continue to focus our resources is the compliance, controls and research (CCR) team. We are now in our second year of CCR audits and have published six reports, which have been very well received. These audits are intended to respond to time-sensitive issues, are narrow in scope, and focus on significant issues related to legislative compliance and financial management controls. Being smaller in size and scope, CCR audits assist us in our goal of being more flexible and responsive.

This coming year you can expect to see reports on the management of forest service roads, the Provincial Nominee Program and palliative care at Interior Health. In addition to these, we have started planning audits on access to timely cancer care, Community Living BC and medical devices cybersecurity.

Both coverage plans are shared with the Select Standing Committee on Public Accounts and other interested parties. This is part of our commitment to continue to foster greater transparency and stakeholder engagement. Sharing our intentions also encourages organizations to be more proactive before an audit begins. We have seen organizations reflect on ways to improve their programs, or become involved with us sooner, and we look forward to building on these successes.

A handwritten signature in black ink that reads "Russ Jones". The signature is written in a cursive, flowing style.

Russ Jones, FCPA, FCA, ICD.D
Acting Auditor General
Victoria, B.C.
March 2020

BACKGROUND

What we do

The Office of the Auditor General of British Columbia is a non-partisan, independent office that reports directly to the legislative assembly. We conduct financial and performance audits that provide assurance and advice on the overall operation of the B.C. government.

Financial audits provide independent opinions on whether government's financial statements are complete, and fairly present the financial position and operating results of government.

Performance audits assess the efficiency, economy and effectiveness of provincial programs, services and resources. They are often referred to as value-for-money audits because they can determine whether the province received value for the money it spent.

Our performance audits vary in size, complexity and approach. For example, this past year, some of our audits examined broad issues, like access to emergency health services, while others focussed on a particular program, like the management of non-operating oil and gas sites. Some other examples of our performance audits include:

- audits that examine issues related to controls and compliance—led by our compliance, controls and research (CCR) team
- progress audits that follow up on an organization's progress in implementing recommendations from our audit reports

Regardless of size or scope, all of our performance audits follow generally accepted auditing standards.

From time to time, we also produce reports that are not audits, but provide important information to the legislative assembly. Our report on [Rate-regulated Accounting at BC Hydro](#) is a good example of this, where we explained what rate-regulated accounting is and BC Hydro's use of regulatory accounts. Previously, we had issued short reports on our Summary Financial Statements in 2016/17 and 2017/18 (which included a qualification on rate-regulated accounting), but wanted to more fully explain this complex accounting practice to the legislative assembly.

How we select audit topics

Our audit universe is vast. There are over 160 government entities, such as ministries, Crown corporations, universities, colleges, school districts and health authorities, which are controlled by, or are accountable to, the provincial government. We cannot audit all of these entities, so we plan our work in a manner that focusses our resources on the areas that are most significant and relevant to our stakeholders.

Our **Financial Statement Audit Coverage Plan** outlines the government organizations that we will audit directly and those that will be audited by a private sector firm as part of our annual audit of government's Summary Financial Statements. Section 10 of the *Auditor General Act* requires that our office produce this plan and have it approved by the Select Standing Committee on Public Accounts (also known as PAC).

Our **Performance Audit Coverage Plan** outlines the performance audits that we have underway as well as those that we plan to start over a three-year period. This body of work helps us meet our objective to provide valuable assurance and advice, which we measure in part through our key performance indicator of 12 reports per year. Information on all of our key performance indicators can be found in our [Service Plan](#).

We use a comprehensive and systematic approach to select performance audit topics that best meet our mandate and allow us to have the greatest impact.

Potential performance audit topics come from:

- past and ongoing audits, including the work our financial audit and CCR staff undertake
- discussions with stakeholders, including the public service, members of government and the opposition, and Indigenous people
- information and requests from members of the legislative assembly, the public and other stakeholders
- the work of other audit offices

We filter information from the above sources through a rigorous and objective process that considers:

- significance (financial, economic, social, health and environmental importance of the topic)
- risk (likelihood or impact of an organization's failure to achieve its objectives)
- relevance (importance to Members of the Legislative Assembly and the public)
- influence (potential to support effectively governed and well-managed provincial programs, services and resources)

- timing
- relationship to our past, current and future work
- degree of change in organizations

The auditor general decides which audits to undertake—a safeguard that allows us to maintain our independence. The only exception to this is where we are requested by the legislative assembly or one of its committees to undertake specific work (a requirement of our act).

How we will use this plan

This coverage plan guides the use of staff time over the coming three years and provides a starting point for developing individual audit plans. Staff will develop the scope of work through audit planning as they meet with the people responsible for these areas to gain a better understanding of the subject matter.

This coverage plan may change. Our experience to date shows us that the political, social and economic environment we operate in is constantly evolving, and our plan needs to evolve with it to remain relevant. For example, this year we removed 18 audits from our plan after reflecting on changes that have taken place in these areas as well as our capacity to do the work. The office has finite resources and must ensure that they are focussed on areas of greatest significance, relevance, and risk.

As we have done in the past, we will continue to refresh our coverage plan annually by building on our list of topics and explaining where our plans have changed.

What happens next

Audit planning is the first phase of the audit process. It involves working with each organization to fully understand the program area and its responsibilities. Organizations are asked to provide us with access to documents, staff and work sites so that our teams can form a decision on whether to proceed with an audit. If we decide to do an audit, teams will develop a plan that establishes the:

- objective and scope of work
- criteria or standards for assessing performance in relation to the audit objective
- approach they will use to obtain sufficient, appropriate evidence to form conclusions

After planning, we conduct the audit using the approach outlined in our plan. Our methodology meets professional audit standards and ensures that we safeguard our independence and objectivity. We work closely with organizations throughout the audit to keep them apprised of our work, including any changes to our plan as well as ongoing discussions of our findings. We then table our report with the legislative assembly and publish it on our [website](#). We also present our report to PAC, which may call representatives from government that can speak to their program.

After the report is public, the audited organization submits an action plan to PAC that details how it will address the recommendations in our report. Approximately one year later, and annually thereafter, PAC requests an action plan progress assessment that outlines the work the organization has done to implement our recommendations. In most cases, PAC continues to request progress assessments until the organization has implemented all of our recommendations, or has otherwise addressed them.

In some cases, we may decide to carry out a progress audit to confirm that organizations have implemented our recommendations. We publish the results of our follow-up work using the same approach described above, reporting to PAC, the legislative assembly and the public.

CURRENT AUDITS

The following list outlines the audits that we have in-progress. With one exception, we identified all of these audits on last year's coverage plan (though in some instances, the name has changed after determining the scope of work).

The status of each audit differs, with some close to being reported and others just getting underway (in the planning phase of work). Audits that are still in planning do not yet have a description, as it is only at the end of this phase that we determine our scope of work. However, you can check our [website](#) throughout the year, which we update as teams complete audit planning.

Audit name	Description of what the audit will cover
1 Access to Timely Cancer Care	This audit is in planning—the scope will be determined at the end of this phase.
2 Avalanche Program	Whether the: <ul style="list-style-type: none"> ▪ Ministry of Transportation and Infrastructure is effectively managing its avalanche safety program to ensure the safety of highway users and minimize the frequency and duration of avalanche-related road closures. ▪ Ministry of Energy, Mines and Petroleum Resources, through its oversight of mine sites, has ensured that mine operators have mitigated risks to worker safety posed by avalanches. ▪ Workers' Compensation Board, through its oversight of workplaces, has ensured that employers have mitigated risks to worker safety posed by avalanches.
3 Community Living BC	This audit is in planning—the scope will be determined at the end of this phase.
4 Critical Systems Recovery	This audit is in planning—the scope will be determined at the end of this phase.
5 Information Technology Asset Management: Cybersecurity Controls	Whether select B.C. ministries have effectively managed IT assets in accordance with good cybersecurity practices.
6 Management of Forest Service Roads (<i>previously Management of Resource Roads</i>)	Whether the Ministry of Forest, Lands, Natural Resource Operations and Rural Development is managing environmental and safety risks on Forest Service Roads in accordance with legislation, regulation and policy.
7 Management of the Conservation Lands Program (<i>previously Wetlands Management</i>)	Whether the Ministry of Forests, Lands, Natural Resource Operations and Rural Development is effectively managing the Conservation Lands Program to conserve important habitat for the benefit of significant fish and wildlife species.

	Audit name	Description of what the audit will cover
8	Medical Devices Cybersecurity <i>(previously Hospital Medical Device Security)</i>	Whether the Provincial Health Services Authority (PHSA) is effectively managing the cybersecurity risk to medical devices for the protection of patient safety.
9	Offshore and Group 4 K–12 Schools <i>(previously International Education)</i>	Whether the Ministry of Education provides effective oversight of the delivery of education programs offered by B.C. offshore and group 4 independent schools.
10	Palliative Care at Interior Health	Whether Interior Health is providing a comprehensive continuum of palliative care that is suited to its region.
11	Progress Audit: Securing the JUSTIN System (2013) NEW	This audit is in planning—the scope will be determined at the end of this phase.
12	Provincial Nominee Program	Whether the Ministry of Jobs, Trade and Technology has: <ul style="list-style-type: none"> ▪ effectively managed the performance of the Skills Immigration stream of the Provincial Nominee Program to support meeting B.C.'s forecasted labour market and economic development needs. ▪ assessed and mitigated risks of misrepresentation, fraud and corruption to protect the integrity of the Provincial Nominee Program.

A list of current compliance, controls and research (CCR) audits can be found in the Appendix.

FUTURE AUDITS

The following is a list of 33 audits that we expect to start between now and March 31, 2023. Unlike the past two years, where we have added a significant number of new audits to our plan, this year’s list only contains four new additions. We want to ensure we can meet our existing commitments before adding too many new audits to our work plan.

As we have emphasized in previous years, the expected start time is our best estimate. It could change as we move through planning and find that we have to adjust the timing of our work. Or we may delay certain audits if other audits take longer than expected, or if we identify higher priorities elsewhere. This flexibility allows us to be responsive to emerging issues.

Our future audits cover a wide range of topics, with a notable focus on mental health and addictions, capital planning and impacts on Indigenous peoples—with audits that target different aspects of the same topic. We also continue to prioritize progress audits by following-up on organizations’ progress in implementing our recommendations. Lastly, of note, is our work on the Legislative Assembly which we will scope by working with the Legislative Assembly itself to understand where we can best add value.

We will determine the scope and timeline of each audit as we complete audit planning.

Audit name	
1	BC Ferries
2	BC Rural Dividend Program
3	Capital Asset Condition in Transportation
4	Dam Safety NEW
5	Domestic Violence
6	Effectiveness of Oversight of Alternative Service Delivery Arrangements
7	Employee Performance and Development Programs in the K–12 System
8	Health Sector Capital Planning
9	ICBC (<i>previously ICBC Capital Reserves</i>)
10	Independent Power Projects Contract Management
11	Indigenous Health
12	Indigenous Housing
13	Internal Audit Function

Audit name	
14	Invasive Species
15	Legal Aid
16	Legislative Assembly NEW
17	Managing Spills (<i>previously Marine Spill Response</i>)
18	Mental Health in Corrections
19	Mental Health Wait Times
20	Pension Plan Governance and Oversight
21	Post-secondary Indigenous Education
22	Post-secondary Quality Assurance
23	Primary Care Transformation
24	Progress Audit: Compliance and Enforcement of the Mining Sector (2016) NEW
25	Public Guardian and Trustee IT System: Securing Trust Assets
26	RCMP Contract
27	Regulating and Licensing Cannabis (<i>previously Liquor Distribution Branch</i>)
28	Report on the Audit Opinion NEW
29	Response to the Opioid Crisis
30	Site C Dam
31	Strategic Investments in Innovation and Technology
32	Succession Management
33	Youth Corrections Case Management

AUDITS REMOVED

This year we have removed 18 audits from our plan. In most cases, these topics have been the subject of considerable change or have recently been reviewed or audited by government, impacting the timing or relevance of an audit. The exception to this are the final two topics on this list that have been removed because our full budget request was not approved. Our revised list of future audits makes the best use of our current resources and capacity.

We will continue to monitor these areas through our ongoing planning process to determine where additional work is needed moving forward.

	Audit name	Rationale
Audits removed for timing and relevance considerations		
1	Abbotsford Hospital Public-Private Partnership	This audit was intended to identify lessons learned from the Abbotsford Hospital Public-Private-Partnership (P3) that could be applied to other P3 projects. At the time we added this audit to our coverage plan (in 2015), P3s were more common, making lessons learned a valuable resource for government. However, our preliminary exploration of this area suggests that any lessons learned would be similar to those captured in previous audits of P3s.
2	BC Services Card	In 2013, the province announced its plan to replace the former BC CareCard with a new BC Services Card. We added this audit to our plan in 2016 to ensure the province had sufficient controls in place to prevent unauthorized access. However, changes within the program are ongoing and we have since determined that an audit at this time would not have the same value as other topics.
3	Business Continuity Planning	This audit overlaps with an audit underway at Internal Audit and Advisory Services (IAAS), in the Ministry of Finance. After liaising with IAAS to better understand the scope of their audit, we determined that there was significant overlap between our potential audit and theirs. We have deferred our work in this area and will await IAAS report before determining whether a future audit is needed.
4	Clinical Systems and Transformation	The Clinical Systems and Transformation project is a multi-year project that is designed to integrate care plans, workflow and clinical guidelines through a single IT system that runs across Vancouver Coastal Health, the Provincial Health Services Authority and Providence Health Care. We originally set out to examine whether the system (once implemented in several hospitals) provided the expected benefits, but have decided to delay our work in this area until the system has been in place for longer and the impacts can be examined.
5	Curriculum and Assessment in the K-12 System	The Ministry of Education began rolling out new curriculum for K-12 students in 2016. The phased implementation was complete this year after the new curriculum was introduced in grades 10-12. Due to the recency and significance of this change, we have decided to hold off on an audit in this area until the new curriculum has been in place longer.

	Audit name	Rationale
6	Driving Safety	This audit was intended to examine driver and road safety risks, such as speeding and distracted driving. However, we now expect to examine them through an audit of ICBC that remains on our list of future work.
7	Employment Programs	In February 2019, government announced a number of changes in response to its earlier evaluation on employment programs. These relate to many of the areas that prompted our decision to add Employment Programs to our coverage plan, making an audit in the area less critical at this time.
8	First Nations' Accommodation Agreements	The audit topic of First Nations' Accommodation Agreements was included in our first public Performance Audit Coverage Plan, released in July 2015. Since that time, the province has committed to renewing its fiscal and economic relationships with Indigenous peoples as part of reconciliation through the implementation of the Truth and Reconciliation Commission of Canada: Calls to Action, the United Nations Declaration on the Rights of Indigenous Peoples and the Tsilhoqot'in Supreme Court Decision. Many other audit topics included in the plan will provide an opportunity to assess how the province is working to build relationships with Indigenous peoples to support improved economic, social and health outcomes.
9	Forest Revenue	We chose to cease this audit because the results were out of date and our office resources were needed for other audits. We carried out fieldwork between September 2015 and November 2016 and shared our detailed results with ministry staff in 2017. We also provided ministry executive with a letter that summarized our results and suggestions for improvement. We will continue to monitor activities in this sector and use that information to determine whether a full audit of this area would be valuable to Legislators in the future.
10	Information Technology Procurement	This audit was intended to examine government's procurement practices for non-Alternative Service Delivery IT contracts and services. While still an important area, we have pushed back the expected start time of this audit to make room for new work.
11	Natural Resource Permitting Project	The Natural Resource Permitting Project (NRPP) was created in 2013 to help natural resource ministries improve service delivery and management of B.C.'s natural resources. Because the NRPP was discontinued in March 2019, an audit of this project is no longer a priority.
12	Pharmaceuticals	This is another area where our proposed work overlaps with Internal Audit and Advisory Services (IAAS). In August 2018, IAAS completed an audit of PharmaCare which recommended changes to how patient-specific drugs are administered. In addition, government is in the process of changing the PharmaCare program to improve the sustainability of drug coverage. Our staff will continue to monitor changes in this area to determine the need for future work.
13	Post-Secondary Student Mental Health	The province has developed a new initiative in this area that is expected to roll out later this year. Our office has decided to postpone work in this area until such a time that the impacts of the new initiative can be examined.
14	Public Sector Governance	We anticipate exploring public sector governance through our work at the Legislative Assembly.

	Audit name	Rationale
15	Special Education	In February 2018, the province appointed an independent panel to review and provide recommendations on the way it allocates funding in the K–12 education system. The panel identified several key issues, including those related to students with special needs. Because of ongoing work in this area, and the potential for reform, we have decided to delay our work on special education, but will continue to monitor the Ministry of Education’s progress.
16	Stroke Care	The Ministry of Health is planning an evaluation of the province’s new stroke care guidelines. Our staff will continue to monitor this area to gauge the effectiveness of the new guidelines and whether future audit work is warranted.
Audits removed for budget considerations		
17	Patient Transfer Network	
18	Policy Capacity: Effectiveness of Public Policy Development	

SUMMARY OF COVERAGE BY SECTOR

The following tables illustrate our coverage by sector over the coming three years. Although audits are grouped by sector, many cross over multiple areas, especially those in general government and information technology (IT). Also, these placements may change over time as we enhance our understanding of the area and the direction of each audit.

Education		
Employee Performance and Development Programs in the K-12 System	Offshore and Group 4 K-12 Schools (<i>previously International Education</i>)	Post-secondary Indigenous Education
Post-secondary Quality Assurance		

Social Services		
Community Living BC	Domestic Violence	Indigenous Housing
Youth Corrections Case Management		

Health		
Access to Timely Cancer Care	Health Sector Capital Planning	Indigenous Health
Mental Health Wait Times	Palliative Care at Interior Health	Primary Care Transformation
Response to the Opioid Crisis		

Natural Resources		
Dam Safety NEW	Independent Power Projects Contract Management	Invasive Species
Management of Forest Service Roads (<i>previously Management of Resource Roads</i>)	Management of the Conservation Lands Program (<i>previously Wetlands</i>)	Managing Spills (<i>previously Marine Spill Response</i>)
Progress Audit: Compliance and Enforcement of the Mining Sector (2016) NEW	Site C Dam	

Transportation		
Avalanche Program	BC Ferries	Capital Asset Condition in Transportation
Protection		
ICBC (<i>previously ICBC Capital Reserves</i>)	Legal Aid	Mental Health in Corrections
RCMP Contract	Regulating and Licensing Cannabis (<i>previously Liquor Distribution Branch</i>)	
Economic Development		
BC Rural Dividend Program	Provincial Nominee Program	Strategic Investments in Innovation and Technology
Information Technology (IT)		
Critical Systems Recovery	Information Technology Asset Management: Cybersecurity Controls	Medical Devices Cybersecurity (<i>previously Hospital Medical Device Security</i>)
Progress Audit: Securing the JUSTIN System (2013) NEW	Public Guardian and Trustee IT System: Securing Trust Assets	
General Government		
Effectiveness of Oversight of Alternative Service Delivery Arrangements	Internal Audit Function	Legislative Assembly: NEW
Pension Plan Governance and Oversight	Report on the Audit Opinion NEW	Succession Management

APPENDIX: COMPLIANCE, CONTROLS AND RESEARCH AUDITS

The compliance, controls and research (CCR) team delivers narrow-scoped performance audits that focus on significant issues related to legislative compliance and financial management controls. The team collaborates with financial and performance audit staff to complete research, identify risks, select topics, and conduct audits that provide value to the people of British Columbia. CCR work is also intended to respond to time-sensitive issues and optimize the use of resources that are subject to varying degrees of utilization during the year.

CCR audits do not typically exceed 1,500 hours and use the same audit process and methodology as performance audits. The following is a list of current CCR projects—two that were on last year's plan and one that is new. However, like performance audits, they are subject to change in response to resource availability and re-prioritization.

CCR audit	Description of what the audit will cover
1 Investigational Capacity	Whether the Ministry of Finance has implemented recommendations made in the KPMG 2016 report titled <i>Strategic Initiatives Review of the British Columbia Ministry of Finance Investigation and Forensic Unit</i> .
2 International Education Student Tuition Costing	This audit is in planning – the scope will be determined at the end of this phase.
3 Tourism Grants NEW	This audit is in planning – the scope will be determined at the end of this phase.



OFFICE OF THE
Auditor General
of British Columbia

LOCATION

623 Fort Street
Victoria, British Columbia
Canada V8W 1G1

OFFICE HOURS

Monday to Friday
8:30 am – 4:30 pm

Telephone: 250-419-6100

Toll free through Enquiry BC at: 1-800-663-7867

In Vancouver dial: 604-660-2421

FAX: 250-387-1230

EMAIL: bcauditor@bcauditor.com

WEBSITE: www.bcauditor.com

This report and others are available at our website, which also contains further information about the office.

REPRODUCING

Information presented here is the intellectual property of the Auditor General of British Columbia and is copyright protected in right of the Crown. We invite readers to reproduce any material, asking only that they credit our office with authorship when any information, results or recommendations are used.

