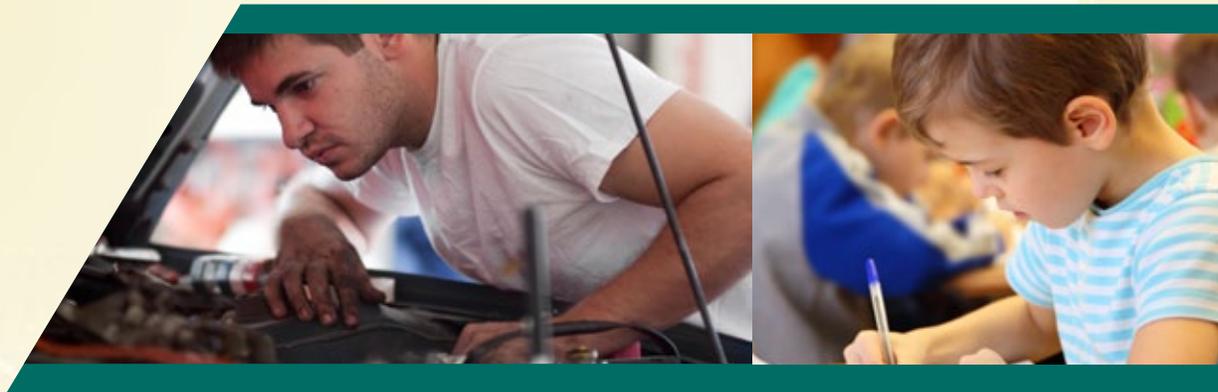


Report 9: December 2010

SUMMARY REPORT: RESULTS OF COMPLETED PROJECTS

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Auditor General
of British Columbia



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The Honourable Bill Barisoff
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
V8V 1X4

Dear Sir:

I have the honour to transmit herewith to the Legislative Assembly of British Columbia my 2010/2011 Report 9: *Summary Report: results of completed projects*.

John Doyle, MBA, CA
Auditor General

Victoria, British Columbia
December 2010

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AUDITOR GENERAL'S COMMENTS



JOHN DOYLE, MBA, CA
Auditor General

I HAVE A UNIQUE MANDATE. British Columbia's [Auditor General Act](#) gives me and my Office a broad scope of areas to audit and review, and a multitude of products we can use to convey the results of our work.

While my [traditional public reports](#) are the most visible output of my Office's efforts, a significant amount of work is often done, and results achieved, outside of our public reports. Engagement teams work closely with (but independent of) management in public sector entities, such as ministries and Crown corporations. As such, communication is consistent and transparent, meaning management is often aware of our general findings early on in the engagement process. In some cases, management is able and willing to begin addressing our findings during the engagement itself. Other times, our findings can be so numerous, specific, and/or technical in nature that they are not suitable for a public report, but are of great value to the organization we are auditing.

In these instances, "management letters" are used to convey the results of our work to senior management. These letters are formal products from my Office and are intended to give organizations a very detailed account of the project, findings and recommendations, that they may be recognized for their existing good practices and improve on any issues identified.

This information can then be relayed to legislators and the public in different means. For financial audits relating to the Province's Summary Financial Statements, we have published a summary of management letter issues for the last two years in our [Observations of Financial Reporting report](#). For other work, particularly performance audits and reviews, we have traditionally summarized the most important findings and recommendations in a public report.

Over the last few years, my Office has also been using products beyond the traditional public reports and management letters to convey the results of our work and maximize its benefits for British Columbians. These include such things as [good practice guides](#) which provide specific guidance to public agencies on topics such as governance, public participation and fraud risk management. We also started exploring the possibilities of new technologies with [reports that are entirely web-based](#).

Whatever the means with which we communicate, however, the mission of this Office is always at the forefront: to serve the people of British Columbia and their elected representatives by conducting independent audits and advising on how

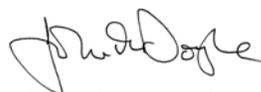
AUDITOR GENERAL'S COMMENTS

well government is managing its responsibilities and resources. The *Auditor General Act* gives me many tools to achieve this, and my Office always aims to select the appropriate ones for each project.

This is the first time I have used the summary report tool. This report contains short summaries of seven different pieces of work and reflects the names of organizations as they were when we did the work. As you will see when reading the summaries and for reasons unique to each piece of work, these projects did not need to be the subject of a traditional report to be beneficial. Thanks to receptive and proactive relationships, as well as collegiate working relationships, the organizations involved in each project were able to move forward well before a public report was written. For instance, the [Hand Hygiene: Self-Assessment](#) revealed that a significant number of hand hygiene programs in healthcare facilities are still developing. As such, my Office determined that it would not conduct the remainder of our planned work and instead allow the programs time to mature. As a result, the organizations involved in this project took the initiative to develop a provincial working group to address hand hygiene compliance rates. I look forward to following-up with each organization on their progress.

By publishing this summary report, I am able to convey publically the most significant matters from each piece of work that the entity has already been informed of in a highly-efficient and fiscally-responsible manner. As explained in the [School District 35](#) and [ICBC](#) summaries, a detailed management letter was sent to the each organization upon completion of the work. In the [Natural Resource Information](#) project, we shared our understanding of our work with the Integrated Land Management Bureau in the form of a “results of preliminary review”.

Publishing this report also enables me to recognize the good work being done in government, which may not otherwise be introduced into the public realm. All of my Office’s work is made the more successful by building and maintaining positive working relationships with the public servants of this province. I would likely to thank the many people from the various organizations involved in each of these projects for their assistance and professionalism.



December 2010

HAND HYGIENE: SELF-ASSESSMENT



BACKGROUND

In 2007, the Office of the Auditor General released a report on infection prevention and control practices in British Columbia's health care system. Given the importance of this area to the public, it was determined that a second look was warranted. We chose to focus on hand hygiene practices as they have long been recognized as one of the most important ways to prevent and reduce the transmission of infection in healthcare settings.

Simply put, good hand hygiene is fundamental to patient safety. For example, a Health Canada report found that hand carriage of bacteria is one of the strongest routes of transmission for infection between patients and healthcare providers.¹ In addition, guidelines from national and international infection prevention and control organizations, including the World Health Organization (WHO) and the Centres for Disease Control (CDC), have repeatedly stressed that hand washing is the single most important procedure for preventing infections.² Despite the importance of proper hand hygiene, improving compliance with good practice remains a challenge both internationally and in British Columbia.

PURPOSE AND APPROACH

To help us understand the state of hand hygiene practices, we asked each of the province's regional health authorities, plus the Ministry of Health Services, to participate in a self-assessment. The purpose of

the self-assessment was to gauge the current status of the Ministry's provincial accountability framework for hand hygiene, as well as the level of maturity of the five regional authorities in developing effective compliance programs. The self-assessment approach also provided an opportunity to engage the entities directly in evaluating their own programs in order to identify risks, promising practices and areas for improvement.

The self-assessment was structured around criteria based on recognized good practice from the World Health Organization and the Joint Commission (Consensus Measurement in Hand Hygiene Project). The Ministry's self-assessment focused on the provincial accountability framework, while the self-assessment sent to health authorities focused on the hand hygiene programs in place at the regional level.

We asked each entity to self-assess their progress against a set of criteria and to provide documentation to support their assessments. The information and explanations provided through this process were therefore the representations of the self-assessment participants. Given this methodology, our Office did not provide assurance on the accuracy of the assessments. However, to provide a reasonable basis for comparison of results across the entities and to ensure rating consistency, we assessed the explanations and supporting evidence.

The project focused on practices in place in late 2009/10 and early 2010/11. It also included baseline assessments and data from previous years.

¹ Health Canada (1998) Hand Washing, Cleaning, Disinfection and Sterilization in Health Care.

² CDC (2002) Guideline for Hand Hygiene in Health-Care Settings: Recommendations of the Healthcare Infection Control Practices Advisory Committee and the HICPAC/SHEA/APIC/IDSA Hand Hygiene Task Force and WHO (2009) Guide to Implementation: A Guide to the Implementation of the WHO Multimodal Hand Hygiene Improvement Strategy.

OVERALL OBSERVATIONS

The Ministry reported that it had developed components of a provincial accountability framework, but much of the work was in progress.

The health authorities reported that they also had components of hand hygiene compliance programs in place, though they varied in their degrees of maturity. Some health authorities lead in this area while others are in the process of developing comprehensive compliance programs.

LOOKING AHEAD

Given the number of organizations who reported that their work is in progress, we determined that we would not conduct further work at this stage, instead allowing the regional health authorities' and the Ministry's programs time to mature.

Although we have not made recommendations, our Office has requested that each entity provide an action plan for areas of improvement identified through the self-assessment process. The Office will follow-up with each of the organizations in the next year and determine if further work by our Office is required.

We would like to acknowledge the cooperation and enthusiasm we experienced while working on this project. Each of the entities undertook a significant amount of work in preparing their self-assessment and responded quickly to our requests for additional information. The information collected provides a valuable starting point for future work in this area.

While we did not ask for a formal comment from the Ministry to be published in this report, we are pleased to note that in response to this work, the Deputy Minister of Health Services sent us the following comment:

"Developing and sustaining hand hygiene compliance rates are priorities for the Ministry of Health Services and all health authorities. Working from the criteria set out by the Office of the Auditor General of British Columbia, the Ministry and the health authorities are developing a coordinated, evidence-based framework for improving and maintaining hand hygiene compliance rates across British Columbia's health care continuum.

Central to this effort is the work of the Provincial Hand Hygiene Working Group (the Working Group). Established in September 2010, the Working Group includes representatives from the Ministry, all health authorities, the BC Patient Safety and Quality Council and the Provincial Infection Control Network. The Working Group is mandated with developing a provincial framework and action plans for hand hygiene that address key areas, such as staff and patient education, measurement, accountability and reporting. In addition, the Working Group will be providing ongoing strategic direction, expert opinion and advice to the Ministry and health authorities on hand hygiene-related best practices, interventions and programming."

PROJECT TEAM

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Senior Manager



BACKGROUND

In the spring of 2009, errors in School District 35 — Langley’s (the District) budget figures became evident, revealing that the District was facing a significant deficit, rather than the small surplus forecasted. Following a request by the Board and senior management of the District, the Auditor General decided to conduct an examination of the District’s board governance, internal controls over key financial processes, and long-term planning.

This examination was conducted under section 13 of the *Auditor General Act*. Our fieldwork was carried out during March to May 2010 and, given that the District continues to improve their controls, our assessment is a snapshot of that particular time.

OVERALL CONCLUSION

A key risk to the future success of the District is the working relationships amongst Board trustees. To improve and move forward effectively, trustees need to focus on their common goal of educating the children of Langley and find ways to work together effectively. Trustees also need to work effectively with senior management.

The District is making progress in improving its internal controls, and is working towards improving financial management practices. However, there were still several significant internal control weaknesses that management had not yet addressed at the time of our fieldwork. Longer-term planning for financial viability and capital management purposes can also be further improved.

KEY FINDINGS

Governance

Although the Board meets weekly and performs some of its governance responsibilities, it is not functioning well, nor modelling a positive “tone at the top”. The lack of good working relationships amongst Board trustees poses a significant risk to the overall success and future financial health of the District. There is also a lack of sufficient, appropriate and regular information, particularly financial information, required by and provided to the Board to fully assess organizational performance and support Board-level decision making.

The common goal of all Board trustees and senior management is the education of the children of Langley. This must be foremost at all times with other agendas set aside. Board members and senior management must model respectful behavior to one another, and Board members need to find ways to work together effectively. There must also be a proper balance between the Board holding management accountable in a respectful and professional manner, and supporting them in moving forward. We also provided guidance from our publication [Public Sector Governance: a guide to the principles of good practice.](#)

Internal Controls

While some key internal controls were in place with improvements made or being made, others did not exist or were not adequately designed. There was at least one significant internal control weakness in each of the four key financial processes examined (budgeting; financial accounting, management and reporting; payroll; and purchases/payables/payments) that management had not yet addressed. We provided a management letter with greater detail on these areas, together with related recommendations.

Long-term Planning

Longer-term planning for financial viability and capital management purposes can also be further improved. The District prepares and updates enrolment and facilities information annually, including its ministry required five-year capital plan. However, longer-term planning was not performed, including preparation of a 10-year School District Facilities Plan. The District's strategic plan did not have a longer-term focus and its education-related goals were not linked to financial resource planning. Longer-term planning in the District would enable more robust strategic planning and proactive decision making, particularly around sensitive topics such as potential school closures or reconfigurations.

SUMMARY OF RECOMMENDATIONS

To address our key findings we made the following recommendations:

Governance

1. Board trustees develop ways to work together to effectively discharge their responsibilities.
2. Board trustees ensure that they understand, accept, and address their governance roles and responsibilities.
3. The Board require senior management to provide it with sufficient, appropriate and regular information.
4. The Board engage in a healthy level of questioning and hold senior management accountable, in a respectful, professional and appropriate manner.

Internal Controls

5. Senior management prepare and put to action a plan that includes responsibilities and timelines to address identified control weaknesses, including those outlined in our detailed management letter, and provide regular updates on progress to the Board.
6. The Board ensure that it receives regular updates from senior management and that a strong system of controls is in place, working effectively and mitigating risk to an acceptable level.

Long-term Planning

7. Senior management and the Board move to a longer-term period of at least five years for strategic planning, and that the District's strategic plan include a link between its educational goals and financial resource planning.
8. Management provide more regular information to the Board on longer-term strategic and facilities planning and progress, including annual evaluation of its facilities planning and financial management.
9. The District prepare a 10-year School District Facilities Plan.



LOOKING AHEAD

We met with the Board to discuss our findings and recommendations, and delivered a detailed report to them in July 2010. This was made public by the Board in September 2010. We are very encouraged by their response to that report. The Board accepted all our recommendations and made a united commitment to address the issues raised.

As such, they prepared an action plan, although the format did not allow easy identification of the actions the Board committed to. We expect the Board will clarify this and monitor their progress going forward. The real challenge is not finalising the action plan, but is working together, with senior management and the wider education community, to successfully implement the action plan.

We look forward to a continuing relationship with the District while it implements the report's recommendations, as the Auditor General is directly performing the audit of the District's financial statements beginning in 2010/11. In addition to our financial statement audit work, we will follow-up with the District during 2011 on implementation of their action plan.

PROJECT TEAM

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Auditor



BACKGROUND

In January 2008, the Insurance Corporation of British Columbia's (ICBC) senior executive became aware of issues concerning the designation and sales of vehicles at their Material Damage Research and Training Facility (MDR&T). Specifically, there were concerns that some of the vehicles being repaired at the facility were sold with a repair history that was incorrectly documented and not disclosed to buyers.

In late January 2008, an internal investigation began and MDR&T was temporarily closed. PricewaterhouseCoopers (PwC) was retained to conduct an independent investigation. In April 2008, the Solicitor General wrote the Auditor General requesting his assistance in completing an independent review. The Auditor General responded that he would defer the review of MDR&T until PwC concluded their review and decide at that time whether further work would be required by his Office to assure legislators and the public on this issue. PwC finished their investigation and ICBC released the findings and recommendations in July 2008. In a news release, ICBC publically committed to implement all of the PwC report recommendations and take actions to address policy and procedure, internal control and employee ethical decision-making challenges.

In February 2009, ICBC wrote the Auditor General stating that it had completed or substantially completed all of the actions committed to during the investigation, including those identified in the PwC report. In response, the Office began an examination of the actions publically committed to by ICBC. This examination was conducted under section 13 of the *Auditor General Act*.

PURPOSE

The purpose of our examination was to determine the progress of the proposed changes and document any good practices or lessons learned. To ensure we had a thorough understanding of the changes, we focused on three major areas:

1. governance circumstances that contributed to the problems concerning the MDR&T incident;
2. the solutions that were identified and implemented; and
3. the oversight mechanisms in place to monitor progress and future challenges in good governance at ICBC.

OVERALL CONCLUSION

The governance circumstances that contributed to the problems concerning the 2008 ICBC investigation were identified and understood, and the implementation of solutions is largely complete. ICBC also has oversight mechanisms in place to monitor progress and future challenges in good governance.

KEY FINDINGS

ICBC has substantially implemented the actions to which they publically committed based on the recommendations in the PwC report. MDR&T no longer repairs vehicles for sale; contradictory and/or unclear policies and procedures were updated; an online Code of Ethics course was introduced; and personnel who allowed the system of vehicle purchases to develop and continue are no longer with the company. In addition, ICBC systems were updated to restrict the number of staff with the authority to change vehicle codes; reporting for internal investigations was moved to Employee Relations; and improvements to risk governance were made including reporting processes and on-going risk management training of management.

While independent employee opinion survey results show that leadership challenges still remain, ICBC has taken strong steps to improve leadership and ethical challenges that were identified as one of the causes of the MDR&T situation, including revising their Code of Ethics.

We found that oversight mechanisms are in place to monitor progress and future challenges in good governance at ICBC. Staff are required to attend training when changes occur to policies and procedures; there is a department within the Claims division that reviews all claims policies and procedures before they are communicated to employees; there is a department that assesses the effectiveness of management's risk management activities; and ICBC continues to provide a "whistleblower" hotline for employees to report suspected wrongdoing on an anonymous basis.

We have discussed our findings with senior management at ICBC and communicated them to the Solicitor General.

LOOKING AHEAD

We did find a number of good practices at ICBC; however, most of them did not arise from the crisis at MDR&T but were already in place or were planned. Going forward, we may add these good practices to findings from other projects and audits we conduct to assist other organizations in improving their governance.

AUDIT TEAM

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Director

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Jessie Carson
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BACKGROUND

Public sector organization stakeholders are better able to hold management accountable for results and evaluate the organization's performance when they are provided with relevant key performance indicators (KPIs). The reporting organization also benefits, as relevant KPIs help inform management's decisions, promote the sharing of good practices and aid the organization in gauging the performance of others in their sector against similar goals. Relevant KPIs, therefore, provide important information on the delivery of public services, thereby forming a cornerstone of effective public sector performance reporting and accountability. However, in reviewing the guidance available for public sector organizations, we were unable to find a single comprehensive source on creating relevant KPIs.

PURPOSE

Recognizing the importance and challenge of creating relevant KPIs, the Office of the Auditor General of British Columbia created a guide to developing relevant performance indicators for public sector entities. This guide supplements existing guidance and fills an important gap in the range of tools available to public sector organizations within the province.

The project consisted of two primary components: the development, and testing, of the good practice guide. The guide was compiled from extensive good practice examples and guidance identified within Canada and internationally. Components of this guide were then tested by comparing them to the performance measure practices currently being used by the Ministry of Education (the Ministry) in their annual service plan report. The Ministry's participation in this project was invaluable. This work was conducted under section 11 of the *Auditor General Act*.

OVERALL CONCLUSION

The good practice elements contained in our guide were largely confirmed through our testing with the Ministry's annual service plan report.

Minor revisions were made to the guide to reflect improvements identified.

In testing our guide, we found that the processes used to develop the performance measures in the Ministry's annual service plan report were largely consistent with the guide. We also identified some areas where improvements could be made.

FINDINGS AND RECOMMENDATIONS

Good Practice Guide

Our research into this topic revealed three basic perspectives in identifying relevant KPIs: that of the reporting organization, its key stakeholders, and its industry peers. This concept is graphically captured in exhibit 1 of our guide.

Our examination identified five steps for developing relevant KPIs:

- Æ create KPIs related to your organization's purpose and priorities;
- Æ create KPIs that link with your organization's activities and the outcomes of those activities;
- Æ create KPIs that will influence your organization's decision making;
- Æ create KPIs that are consistent with widely used benchmarks, where appropriate; and
- Æ create KPIs that are meaningful and useful to key internal and external stakeholders.

To help users of the guide as they work through the five steps, we also developed a series of self-assessment questions. These questions are both embedded within the guide and presented separately in an appendix as a checklist.

Ministry of Education and Minister Responsible for Early Learning and Literacy

Our testing of the good practice model identified that the Ministry was meeting many of our good practice expectations. For example, the Ministry's KPIs were related to their organization's purpose and priorities, and there were clear linkages between the Ministry's goals, objectives and its KPIs. As well, their KPIs had the ability to influence the organization's outcomes by informing decision making.

We did find that the Ministry's KPIs were not consistent with widely-used benchmarks. However, this appears to be a result of the significant challenges in identifying suitably comparable, widely accepted, and timely benchmarks.

Our examination also indicated areas where the Ministry could better reflect some of the good practice characteristics we identified. For example, the relevancy of the Ministry's KPIs could be improved by being more closely aligned with the outcomes of their major activities and focused on the aspects of performance identified as most important by their key stakeholders. Furthermore, our good practice research suggested that the Ministry could engage in more regular formal consultation with its stakeholders.

LOOKING AHEAD

This good practice guide should serve as a useful resource to all public sector organizations within the province as they consider the suite of KPIs to be contained in their annual service plan reports and other significant performance accountability documents. These identified good practice items may also inform and supplement the development of future performance reporting guidance to be provided to public sector organizations within the province.

The Office anticipates publishing this guide shortly.

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IN 2009, OUR OFFICE REVIEWED government's management of natural resource information. We shared our understanding with the Integrated Land Management Bureau (ILMB) in the form of a "results of preliminary review".

As a result, ILMB chose to prepare an action plan addressing a number of our observations and we continue to follow up with them on their progress to date.

BACKGROUND

Information about our natural resources is vital and supports a wide range of decisions and activities that impact the quality of life in British Columbia. The management of the land base and its natural resources supports government's goals of a vibrant B.C. economy, healthy communities and a sustainable environment.

Historically, each of the natural resource ministries has been responsible for the management of their information. However, the result was silos of information that were difficult to access outside of each ministry. A corporate land information strategic plan was developed for the Land Information Strategic Committee and the Ministry of Crown Lands in the late 1980s which proposed the development of a corporate infrastructure and conceptual architecture for a system to manage the information. The result of this initial integration strategy is the 2005 establishment of the Land and Resource Data Warehouse (LRDW), which resides within GeoBC, a division of the ILMB.

PURPOSE

Management of natural resource information involves a variety of stages: inventory, collection, storage, retrieval and analysis, as well as making the information available for decision making.

As management of this information includes both the individual natural resource ministries and ILMB, our observations included all of these entities. For the purposes of this assignment, we defined natural resource ministries as being the Ministry of Agriculture and Lands, Ministry of Energy, Mines and Petroleum Resources, Ministry of Environment and Ministry of Forests and Range.

OVERALL OBSERVATIONS

As an outcome of this process, we shared our understanding of the government's management of natural resource information following our preliminary review. This did not constitute an audit opinion but conveyed our understanding to date of key aspects of the process and was provided solely for their information.

We provided observations in the following areas:

- Æ government's direction and framework for managing natural resource information;
- Æ natural resource ministries management of the natural resource information; and
- Æ ILMB's integration of the natural resource information.

LOOKING AHEAD

In response to our preliminary review, ILMB's Board of Directors directed ILMB to prepare an action plan, on behalf of the natural resource ministries, addressing a number of observations noted in our results of preliminary review.

Subsequently, the Natural Resource Sector Information Council (NRSIC) has led the ongoing development of the action plan, with regular reports to ILMB's Board of Directors. Progress has been slower than initially anticipated, largely due to recent government-wide workforce adjustments that have affected the natural resource ministries. As of October 25, 2010, ILMB was reorganized into various ministries. GeoBC and information management currently resides in the Ministry of Natural Resource Operations.

Over the coming months we will continue to follow up on their action plan.

PROJECT TEAM

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BACKGROUND

The Ministry of Energy (the Ministry) is responsible for Oil and Gas policies and administers the Oil and Gas Royalty programs on behalf of government. These programs are designed to encourage the development of oil and gas resources in the province and involve a significant amount of foregone royalty revenues each year. For the year ended March 31, 2010, the value of royalty programs released was \$168 million, or 31% of oil and gas royalty revenues reported in the Ministry of Finance’s *Budget and Fiscal Plan – 2010/11 to 2013/13* for that same year.

The goals of royalty programs are:

- Æ Values to the Crown are maximized: *encourage resource development to the benefit of the Crown in terms of maximizing royalties and taxes*
- Æ Equity: *producers, large and small, are treated equally under the regime*
- Æ Long-term investment: *the royalty regime is aimed at rational, long-term investment by industry*
- Æ Administrative ease: *simple to administer and verify for government and industry*

PURPOSE

The purpose of this project was to determine whether the Office should conduct an audit of how well the Ministry was “managing for results” its Oil and Gas Royalty programs. Managing for results is a fundamental aspect of good governance and involves focusing on results in every aspect of management. To aid in our assessment, we

developed a set of seven “managing for results” criteria based on our good practice research:

1. program goals were identified;
2. strategies to achieve these goals were determined;
3. performance measures were established to calibrate the achievement of these goals;
4. targets were set for individual performance measures;
5. actual performance was tracked against these targets;
6. strategies were revised as required, based on actual performance results; and
7. periodic performance results were communicated to stakeholders.

The project team conducted an initial review of the royalty programs relative to the criteria.

RESULTS OF PRELIMINARY REVIEW

Upon completion of our initial review, we provided the Ministry with our preliminary observation that, while they appeared to be meeting many of the criteria, they had yet to develop a formal set of performance measures to evaluate achievement of the royalty programs’ four goals. Furthermore, we observed that while the Ministry was providing regular and extensive program performance reports to various internal government stakeholders, they were not reporting to external stakeholders on performance against the programs’ goals.

The Ministry agreed to address these observations. Ministry staff reviewed the current performance information being tracked and developed a set of formal performance measures focused on the programs' four goals. Ministry staff also developed and made public an annual performance report on the results of these programs, called [Program Goals and Performance Measures - 2010 Report](#).

OVERALL CONCLUSION

The Office determined that the Ministry's actions addressed our preliminary observations and that a full audit on this topic was not warranted.

LOOKING AHEAD

When conducted appropriately, managing for results helps ensure that public organizations are properly managing public resources, and are providing legislators and the public with the necessary information to hold them accountable for their results. The Office will continue to conduct projects in this area.

PROJECT TEAM

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BACKGROUND

In 2006/07 the Office of the Chief Information Officer (OCIO), in the Ministry of Citizens' Services, implemented a program of ministry self-assessments to establish and monitor government's level of compliance with existing security policies, standards and practices. The software tool developed for this purpose (and used in many jurisdictions across Canada) is called the Security HealthCheck, developed by the Information Security Forum - an independent, international not-for-profit organization that is a source for good practice IT security standards.

The Security HealthCheck (SHC) contains questions related to IT infrastructure, security, and management. It is designed to provide full coverage of all aspects of the Information Security Forum's standard of good practice.

This tool enables ministries to perform self-assessments of the security-related controls they have in place. The annual results from the SHC are used by the OCIO and ministries to make appropriately informed decisions on resource allocations to improve information security across government.

We are encouraged by government's initiative to self-assess the state of IT security in its ministries. It is a significant step in promoting a culture of continuous improvement and in managing its information security risks through increased compliance with its information security policy and other security related practices.

PURPOSE AND SCOPE

To assess how well the SHC ensures government's compliance with its information security policy, standards and practices, we selected a sample of ministries and assessed their security management responses to the 2009 SHC, which covers the year ending March 31, 2009. These were the most current responses at the time of our fieldwork, February to May 2010. We assessed whether the SHC information was reliable and if government was monitoring the adequacy and appropriateness of IT operational security control practices in its ministries.

OVERALL CONCLUSION

Government has not fully implemented an effective process to ensure that the SHC information is reliable and appropriately supported. This reduces its effectiveness as a risk monitoring tool for IT security compliance in ministries, for assessing improvements over time, or determining if ministry security targets are being met.

FINDINGS AND RECOMMENDATIONS

Completing Security HealthChecks

Ministry self-assessment responses for the 2008/09 SHC were found to be, in many cases, inaccurately rated and not well supported

Overall, our examination of supporting documents and explanations for the self-assessed rating to each of the security management's questions from the 10 ministries noted that 58% of the responses were not adequately supported and 42% of the responses were either not appropriately rated or supported.

WE RECOMMENDED *that the OCIO develop more detailed guidance for ministries to follow in gathering appropriate support at each scoring level in their annual security review self-assessments.*

Monitoring compliance

Government does not have a process for validating ministries' SHC responses

The OCIO informed us that it plans to conduct spot checks on ministries' responses to ensure that they were properly supported with appropriate documentation. However, as of our reporting date, those audit spot checks had not been conducted.

WE RECOMMENDED *that the OCIO establish an audit process to ensure ministry assessment levels are reasonable and supported with sufficient and appropriate documentation.*

The causes of fluctuations in security compliance levels are not readily identifiable and lack links to action plans

We noted that several control areas showed a significant fluctuation from 2007/08. The OCIO could not provide supporting evidence to explain those fluctuations, especially those showing a significant decline in compliance. The current approach to address control weaknesses is focused on improving compliance levels, but lacks specific actions to address the identified reported declines in compliance.

WE RECOMMENDED *that the OCIO develop a process that will identify causes of fluctuations in ministry compliance results, and develop specific action plans to deal with those causes.*

Summarizing annual results for a cross-government view

The inconsistent approach used across ministries for the 2008/09 SHC process made comparability of security postures between ministries and years difficult

For the 2008/09 SHC process, some ministries prepared a ministry-wide assessment, some completed a self-assessment for one critical application for which they are responsible, and the rest based their results on the average scores for several of their critical applications.

We recommended that the OCIO require all ministries to complete a ministry-wide SHC assessment regardless of whether a particular application is selected for a more detailed assessment.

Security performance targets have not been tailored to address the unique security risk profiles of individual ministries

The OCIO sets multi-year, government-wide performance measurement targets to gauge the effectiveness of ministries' information security standard compliance. In our view, while a single target may be useful for assessing government-wide progress over time, it does not address the unique risks of each ministry in measuring and/or reporting on compliance. Ministries' stakeholders, business processes, IT environments and data sensitivities can vary widely and, therefore, performance targets should be developed and tailored to suit each ministry's own IT security risk profile.

We recommended that the OCIO work with ministries to develop compliance performance targets suited for each ministry.

Inconsistent use of SHC

We found that one ministry used the outdated SHC tool for completing its 2008/09 assessment. The different rating methodology and difference in the number of questions in the newer tool made validating the ministry responses difficult.

We recommended that the OCIO ensure that all ministries use the same assessment tool for their information security self-assessments.

LOOKING AHEAD

In the coming year, we will follow up with the OCIO to assess its progress in addressing our audit recommendations. We will also review how British Columbia's efforts compare with those of other jurisdictions, and examine the impact of these efforts on IT security nationally.



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SUMMARY OF RECOMMENDATIONS

To address our key findings we made the following recommendations to the OCIO:

1. Develop more detailed guidance for ministries to follow in gathering appropriate support at each scoring level in their annual security review self-assessments.
2. Establish an audit process to ensure ministry assessment levels are reasonable and supported with sufficient and appropriate documentation.
3. Develop a process that will identify causes of fluctuations in ministry compliance results, and develop specific action plans to deal with those causes.
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.
5. Work with ministries to develop compliance performance targets suited for each ministry.
6. Ensure that all ministries use the same assessment tool for their information security self-assessments.