



Standing Committee  
on  
Public Accounts

34<sup>th</sup> Yukon Legislative Assembly

Fourth Report  
November 2019



**Standing Committee on Public Accounts**

**34<sup>th</sup> Yukon Legislative Assembly**

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**STACEY HASSARD, MLA**

Pelly-Nisutlin  
Chair

**PAOLO GALLINA, MLA**

Porter Creek Centre  
Vice-Chair

**TED ADEL, MLA**

Copperbelt North

**WADE ISTCHENKO, MLA**

Kluane

**HON. RICHARD MOSTYN, MLA**

Whitehorse West

**KATE WHITE, MLA**

Takhini-Kopper King

Allison Lloyd  
Clerk to the Committee

Volume 26





# **Yukon Legislative Assembly**

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## **Standing Committee on Public Accounts**

34<sup>th</sup> Yukon Legislative Assembly

November 14, 2019

Hon. Nils Clarke, MLA  
Speaker  
Yukon Legislative Assembly

Dear Sir:

On behalf of the members of the Standing Committee on Public Accounts, appointed by order of the 34<sup>th</sup> Yukon Legislative Assembly, I have the honour to present the committee's Fourth Report.

Sincerely,

Stacey Hassard, MLA  
Chair



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## **Preface**

### **The Standing Committee on Public Accounts**

The basic purpose of the Standing Committee on Public Accounts is to ensure economy, efficiency and effectiveness in public spending. The committee's authority is derived from Standing Order 45(3) of the Standing Orders of the Yukon Legislative Assembly, which says

At the commencement of the first Session of each Legislature a Standing Committee on Public Accounts shall be appointed and the Public Accounts and all Reports of the Auditor General shall stand referred automatically and permanently to the said Committee as they become available.

On January 12, 2017, the Yukon Legislative Assembly adopted the following motion:

THAT Stacey Hassard, Paolo Gallina, Ted Adel, Don Hutton, Wade Istchenko and Liz Hanson be appointed to the Standing Committee on Public Accounts established pursuant to Standing Order 45(3),

THAT the Committee have the power to call for persons, papers and records and to sit during intersessional periods; and

THAT the Clerk of the Legislative Assembly be responsible for providing the necessary support services to the Committee. (Motion No. 6)

The committee first met on March 1, 2017. At that meeting, the committee elected Stacey Hassard as Chair and Paolo Gallina as Vice-Chair.

On November 15, 2018, the Legislative Assembly adopted Motion No. 380, rescinding Mr. Hutton's appointment to the committee and appointing the Honourable Richard Mostyn to it. On October 29, 2019, the membership of the committee was further amended when the Legislative Assembly adopted Motion No. 71, rescinding Ms. Hanson's appointment to the committee and appointing Kate White to it.

### **This report**

The Standing Committee on Public Accounts has presented three previous reports during the 34<sup>th</sup> Legislative Assembly: its First Report, August 2017, on government transfers to societies; its Second Report, September 2017, on capital asset management; and, its Third Report, February 2019, on climate change in Yukon. Those reports each focused on a performance audit report by the Auditor General of Canada.

In its previous reports, the committee agreed with all the recommendations made by the Auditor General and made further recommendations to the departments which were audited. This status report examines what progress the departments have made on the recommendations of the Auditor General and the committee.

The members of the committee were saddened to learn of the passing of Michael Ferguson, CPA, CA, FCA, the Auditor General of Canada, in February 2019. His death was a tremendous loss to the Office of the Auditor General of Canada and all those who are served by that office. This report follows up on Mr. Ferguson's excellent work

providing objective information, advice, and assurance to assist the Yukon Legislative Assembly in its scrutiny of the government's management of resources and programs.

The committee would like to thank officials from the Office of the Auditor General of Canada for their assistance in the preparation of its reports. The committee would also like to thank the officials from the departments who provided information to the committee on their progress since the initial performance audits.



# Standing Committee on Public Accounts 34<sup>th</sup> Yukon Legislative Assembly

## Fourth Report

November 2019

### Introduction

1. The Standing Committee on Public Accounts of the Yukon Legislative Assembly is established by Standing Order 45(3) of the *Standing Orders of the Yukon Legislative Assembly*. This Standing Order says that: “At the commencement of the first Session of each Legislature a Standing Committee on Public Accounts shall be appointed and the Public Accounts and all Reports of the Auditor General shall stand referred automatically and permanently to the said committee as they become available.”<sup>1</sup>

2. On January 12, 2017, the Yukon Legislative Assembly adopted Motion No. 6, which established the current Public Accounts Committee. In addition to appointing members to the committee, the motion stipulated that the committee shall “have the power to call for persons, papers and records and to sit during intersessional periods.”

3. In his opening remarks at the public hearing on February 14, 2018, the Chair described the committee’s role in the audit process:

The Public Accounts Committee is an all-party committee with a mandate to ensure economy, efficiency and effectiveness in public spending — in other words, accountability for the use of public funds. The purpose of this public hearing is to address issues of the implementation of policies — whether programs are being effectively and efficiently delivered — and not to question the policies of the Government of Yukon. In other words, our task is not to challenge government policy but to examine its implementation.<sup>2</sup>

4. As part of its responsibility to scrutinize public spending, the committee believes it is important to keep departments accountable for commitments the departments make in response to recommendations from the Auditor General of Canada and the committee. At its meeting on February 26, 2019, the committee agreed to review the recommendations made in its three previous reports and produce a summary status report, following the receipt of updates from the relevant government departments.

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<sup>1</sup> Yukon Legislative Assembly, *Standing Orders of the Yukon Legislative Assembly* (October 30, 2012), page 24.

<sup>2</sup> Yukon Legislative Assembly, Standing Committee on Public Accounts, Public Proceedings: Evidence, February 14, 2018 page 3-1.

5. In his closing remarks at the public hearing on February 14, 2019, the Chair expressed the committee's commitment to further examination:

...a vital component to these hearings and the process that we undertake as a committee to address reports from the Auditor General is the completion of the commitments that departments themselves make. The completion of commitments is a priority for this Public Accounts Committee and we will continue to follow up with departments to track progress.<sup>3</sup>

## **Government Transfers to Societies**

### *Report of the Auditor General of Canada*

6. On March 6, 2017 Michael Ferguson, CPA, CA, FCA, the Auditor General of Canada (the Auditor General), issued an audit report entitled, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Government Transfers to Societies - Yukon*. In conducting the audit the Auditor General

... focused on whether selected departments adequately managed a sample of government transfers to societies according to key legislative, policy, and administrative requirements. The three departments [the Office of the Auditor General] selected were the Department of Community Services; the Department of Economic Development; and the Department of Energy, Mines and Resources. Among the items [the Office of the Auditor General] examined were whether the departments conducted risk assessments, whether they measured the results of government transfers, and whether they confirmed that societies were free of outstanding debts to the government and in compliance with legal reporting requirements. In addition, [the Office of the Auditor General] looked at the monitoring and coordination roles, and related responsibilities, of the Department of Finance and the Executive Council Office.<sup>4</sup>

7. The Auditor General summarized his conclusions as follows:

- Overall, [the Office of the Auditor General] found inconsistencies in the policies and practices related to government transfers. We found that the policies contained contradictions and undefined concepts, and that departments did not always document the risks associated with government transfers or verify that societies that received transfers complied with their legal reporting requirements. We also found that departments had not fully implemented a results-based approach.<sup>5</sup>

8. The Auditor General's report made five recommendations:

- The Department of Finance and the Executive Council Office should work together—and consult with other departments, as necessary—to review the 1998 NGO Funding Policy in the General Administration Manual and the 2008

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<sup>3</sup> Yukon Legislative Assembly, Standing Committee on Public Accounts, Public Proceedings: Evidence, February 14, 2018 page 3-31

<sup>4</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Government Transfers to Societies - Yukon*, March 2017, paragraph 10.

<sup>5</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Government Transfers to Societies - Yukon*, March 2017, paragraph 14.

Government Transfers Policy in the Financial Administration Manual. They should resolve contradictions in the policies and define key policy concepts.<sup>6</sup>

- The Department of Community Services and the Department of Energy, Mines and Resources should comply with policy requirements for government transfers, including verifying a society's compliance with its legal reporting requirements, determining that a society does not have any outstanding debts to the government, and determining when to use a government transfer instead of a goods and services contract.<sup>7</sup>
- The Department of Community Services, the Department of Economic Development, and the Department of Energy, Mines and Resources should consistently use a risk-based approach in their assessments of all funding requests. The departments should adequately document both project and capacity risk for government transfers and include funding agreement provisions, monitoring requirements, and other elements that reflect the level of risk identified.<sup>8</sup>
- The Executive Council Office should create, in consultation with departments, an evaluation policy that will support a results-based approach to managing government transfers, so that departments can measure, account for, and report on expected results.<sup>9</sup>
- The Department of Community Services should put mechanisms in place to systematically review government transfers to determine and document whether their goals and objectives have been met.<sup>10</sup>

9. The departments agreed with all the recommendations.

#### *Report of the Public Accounts Committee*

10. The committee held a public hearing on June 28, 2017. Witnesses appeared in two panels, with officials from the Department of Community Services, the Department of Economic Development, and the Department of Energy, Mines and Resources appearing in the morning and officials from the Department of Finance and the Executive Council Office appearing in a second panel that afternoon.

11. The committee released its First Report on August 11, 2017. In its report, the committee accepted and endorsed the recommendations made by the Auditor General and included five recommendations of its own:

- Recommendation No. 1: THAT the departments collaborate in order to standardize systems across the public service; and THAT the departments report to the

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<sup>6</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Government Transfers to Societies - Yukon*, March 2017, paragraph 31.

<sup>7</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Government Transfers to Societies - Yukon*, March 2017, paragraph 51.

<sup>8</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Government Transfers to Societies - Yukon*, March 2017, paragraph 62.

<sup>9</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Government Transfers to Societies - Yukon*, March 2017, paragraph 84.

<sup>10</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Government Transfers to Societies - Yukon*, March 2017, paragraph 90.

Standing Committee on Public Accounts what steps have been taken by April 1, 2018.

- Recommendation No. 2: THAT the creation and implementation of a corporate evaluation policy be prioritized and completed by November 1, 2018.
- Recommendation No. 3: THAT the departments consider creating separate policies for different categories of transfer payment agreements.
- Recommendation No. 4: THAT the departments embrace risk assessments as a tool to help identify weaknesses in projects and better support societies; and THAT the departments report to the Standing Committee on Public Accounts what progress has been made by November 1, 2018.
- Recommendation No. 5: THAT the departments make efforts to reduce the burdens placed on societies receiving government transfers; and THAT the departments report to the Standing Committee on Public Accounts what steps have been taken by April 1, 2018.

### *Status Update*

12. The committee wrote to the Department of Community Services, the Department of Economic Development, the Department of Energy, Mines and Resources, the Department of Finance and the Executive Council Office on May 27, 2019, requesting a status update. The departments responded between July 18 and August 2, 2019; their responses are appended to this report.

**13. The committee is satisfied with the response from the departments. The departments have taken steps to address all the recommendations made by the Auditor General and the committee.**

14. In responding to the committee's request, the Deputy Minister of Community Services noted,

As a result of the Auditor General's audit report and in concert with the Standing Committee on Public Accounts Public Hearing on June 28, 2017, new forms and processes were implemented by April 1, 2018.

.... As of April 1, 2018 transfer payment agreements have a completed risk assessment matrix on file which evaluates both project and recipient risk.<sup>11</sup>

15. Similarly, the Department of Economic Development reported that "[a]ll new funding requests are assessed against the department's risk assessment matrix" and "[t]he department's Finance and Administration Branch conducts compliance review on all transfer payments before they receive section 24 approval."<sup>12</sup>

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<sup>11</sup> Letter re: Status update to the Standing Committee on Public Accounts, dated August 1, 2019, from Matt King, Deputy Minister of Community Services

<sup>12</sup> Memorandum re: Department of Economic Development response to the follow-up questions by the Standing Committee on Public Accounts on the Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Government Transfers to Societies — Yukon and Standing Committee on Public Accounts recommendations, dated July 18, 2019, from Justin Ferbey, Deputy Minister of Economic Development

16. In a joint response from the Department of Finance and the Executive Council Office, the departments stated:

On January 17, 2018 section 1.6 of the General Administration Manual - NGO Funding was revoked and changes were made to section 5.9 of the Financial Administration Manual (FAM) - Government Transfers.

In April 2018 FAM was updated and changes were communicated to departments.

These changes include the definition of "Good Standing" and guidance on using a results-based and risk-based management approach.<sup>13</sup>

17. Processes for ensuring that post-assessment reports are completed are still under development.

18. A corporate evaluation policy is still under development.

An Evaluation unit was created within the Department of Finance. This unit has been working closely with departments to develop a corporate evaluation policy and tools to support a consistent results-based approach, one of which is for the effective management of government transfers.<sup>14</sup>

19. Work is ongoing to standardize systems across the public service. "An updated standard risk assessment framework for transfer payments is in development for use by Government of Yukon line departments."<sup>15</sup>

20. The departments have elected not to follow the committee's recommendation to create separate policies for different categories of transfer payment agreements.

21. The responses from the departments noted that they have flexibility to determine reporting requirements, but did not list any specific steps that have been taken to reduce the burdens placed on societies receiving government transfers.

## **Capital Asset Management**

### *Report of the Auditor General of Canada*

22. On March 6, 2017 the Auditor General issued an audit report entitled, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Capital Asset Management - Yukon*. In conducting the audit, the Auditor General

... focused on whether the Government of Yukon's Department of Highways and Public Works, Department of Education, and Department of Health and Social Services met their key responsibilities for capital asset management, which include

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<sup>13</sup> Memorandum re: Department of Finance and Executive Council Office joint response to the follow-up questions by the Standing Committee on Public Accounts on the Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Government Transfers to Societies - Yukon and Standing Committee on Public Accounts recommendations, dated August 2, 2019, from Chris Mahar, A/Deputy Minister Department of Finance and Stephen Mills, Deputy Minister Executive Council Office

<sup>14</sup> Ibidem.

<sup>15</sup> Letter re: Status update to the Standing Committee on Public Accounts, dated August 1, 2019, from Matt King, Deputy Minister of Community Services

the assessment, maintenance, repair, and replacement of buildings and transportation infrastructure.<sup>16</sup>

23. The Auditor General summarized his conclusions as follows:

- Overall, [the Office of the Auditor General] found that the Department of Highways and Public Works had systems and practices in place for managing the maintenance and repair of government-owned buildings. However, it did not use the information it gathered from these systems and did not follow its practices... It also did not follow its process to prioritize building maintenance projects against criteria such as health, safety, and costs.
- In addition, [the Office of the Auditor General] found that the Department of Highways and Public Works considered building users' health and safety as well as costs in capital development planning.
- [The Office of the Auditor General] also found that, overall, the Department of Education and the Department of Health and Social Services considered costs and the health and safety of building users in making decisions about their buildings.<sup>17</sup>
- Overall, [the Office of the Auditor General] found that the Department of Highways and Public Works had systems and practices in place to inventory and assess the condition of most of its transportation infrastructure. It identified and prioritized risks for its paved and chip seal roads, highways, and bridges, and addressed them through regular maintenance, repair, and replacement. However, [the Office of the Auditor General] found that the Department did not have formal systems and practices in place to prioritize or determine the cost of the maintenance, repair, and replacement of its gravel roads.<sup>18</sup>

24. The Auditor General's report made six recommendations:

- The Department of Highways and Public Works should complete all planned building assessments, verify the data in the assessments, and then incorporate this information into the maintenance plans for all buildings in its portfolio. It should also share the building assessment information with program departments. The Department should decide how and when it will address high-priority deficiencies identified in the assessments, especially those that may pose safety concerns.<sup>19</sup>
- The Department of Highways and Public Works should evaluate government buildings that are vulnerable to permafrost degradation to determine the potential

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<sup>16</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Capital Asset Management - Yukon*, March 2017, paragraph 8.

<sup>17</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Capital Asset Management - Yukon*, March 2017, paragraphs 12-14.

<sup>18</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Capital Asset Management - Yukon*, March 2017, paragraph 87.

<sup>19</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Capital Asset Management - Yukon*, March 2017, paragraph 32.



risk, damage, and cost to repair or replace them. It should also use this information to develop an action plan to address permafrost risks.<sup>20</sup>

- The Department of Highways and Public Works, the Department of Education, and the Department of Health and Social Services should make it a priority to work with the appropriate organizations to develop a strategy for managing the effects of radon in their buildings, including radon testing and remediation.<sup>21</sup>
- The Department of Highways and Public Works, the Department of Education, and the Department of Health and Social Services should have detailed records of all radon testing that has been conducted in the buildings under their custody and control. The records should include items such as testing dates and exact locations, radon levels, remediation actions, and whether employees have been notified of testing results.<sup>22</sup>
- To ensure that it allocates building maintenance funding to the highest-priority projects, the Department of Highways and Public Works should, in consultation with other departments, exercise its authority and follow its established project prioritization process, including prioritizing only projects that meet the definition of building maintenance.<sup>23</sup>
- The Department of Highways and Public Works should verify the accuracy of the data it gathers in building condition assessments and use it, along with information from other reports, to identify buildings considered for capital development. It should use this information to develop a long-term action plan to prioritize the replacement, consolidation, and demolition of government-owned buildings.<sup>24</sup>

25. The departments agreed with all the recommendations.

### *Report of the Public Accounts Committee*

26. The committee held a public hearing on Thursday, June 29, 2017. Witnesses from the Department of Highways and Public Works, the Department of Health and Social Services and the Department of Education appeared.

27. The committee released its Second Report on September 18, 2017. In its report, the committee noted that it was concerned “by the lack of action to deal with the problems identified in the [Auditor General’s] report and previous audits.”<sup>25</sup>

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<sup>20</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Capital Asset Management - Yukon*, March 2017, paragraph 38.

<sup>21</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Capital Asset Management - Yukon*, March 2017, paragraph 57.

<sup>22</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Capital Asset Management - Yukon*, March 2017, paragraph 58.

<sup>23</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Capital Asset Management - Yukon*, March 2017, paragraph 72.

<sup>24</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Capital Asset Management - Yukon*, March 2017, paragraph 86.

<sup>25</sup> Second Report of the Standing Committee on Public Accounts of the 34<sup>th</sup> Yukon Legislative Assembly, September 2017, paragraph 8.

28. The committee accepted and endorsed the recommendations made by the Auditor General and added five recommendations of its own:

- Recommendation No. 1: THAT the Department of Highways and Public Works prioritize finalizing policies to respond to audit recommendations; and THAT the department report to the Standing Committee on Public Accounts what steps have been taken by April 1, 2018.
- Recommendation No. 2: THAT the departments collaborate in order to share information across the public service; and THAT the departments report to the Standing Committee on Public Accounts what steps have been taken by April 1, 2018
- Recommendation No. 3: THAT the Department of Health and Social Services include radon testing in the list of requirements for licensing childcare centres and day homes.
- Recommendation No. 4: THAT the Department of Highways and Public Works complete the verification of building assessment information and utilize this information to develop a long-term building maintenance plan; and THAT the department report its progress to the Standing Committee on Public Accounts by April 1, 2018.
- Recommendation No. 5: THAT the Department of Highways and Public Works present a plan to maintain or replace the aging assets within the department's portfolio; and THAT the department report to the Standing Committee on Public Accounts what steps have been taken by April 1, 2018.

#### *Status Update*

29. The committee wrote to the Department of Highways and Public Works, the Department of Health and Social Services and the Department of Education on May 31, 2019, requesting a status update. The departments responded between July 30 and August 1, 2019; their responses are appended to this report.

**30. The committee is satisfied with the response from the departments. The departments have taken steps to address all the recommendations made by the Auditor General and the committee.**

31. In responding to the committee's request, the Deputy Minister of Highways and Public Works stated "Highways and Public Works has addressed all of the recommendations of the *Report of the Auditor General of Canada to the Yukon Legislative Assembly 2017: Capital Asset Management*."<sup>26</sup>

32. Data verification was completed on schedule and the new policy is included in the General Administration Manual. "All building condition assessments have been entered into the building database and verified."<sup>27</sup>

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<sup>26</sup> Letter re: Status update to the Standing Committee on Public Accounts, dated August 1, 2019, from Jaime W. Pitfield, Deputy Minister of Highways and Public Works.

<sup>27</sup> Ibidem.

33. Projects are being prioritized based on assessments. “The full list of prioritized projects has been used to create the 5-year capital maintenance plan. The list is revisited and prioritized as new projects arise.”<sup>28</sup>

34. “A portfolio-wide permafrost assessment was completed.”<sup>29</sup>

35. Corporate radon management guidelines were finalized in September 2017.

36. At the time of the status report, “HSS radon testing records [were] up to date for 2017-2018 and [the department was] awaiting lab results for 2018-19 winter testing” The department noted “All HSS 24 hour facilities, health centres, staff housing and some office spaces have been tested. The remainder of the office spaces will be tested over next heating season (winter of 2019-2020).”<sup>30</sup>

37. “The Public Service Commission is maintaining a database of detailed records of radon testing, which includes remediation actions.”<sup>31</sup>

38. Progress has been made to increase collaboration between departments. “Highways and Public Works has established the Capital Planning Office, which works collaboratively with departments to develop long-term capital plans for capital projects.”<sup>32</sup>

**39. While the departments have taken steps to address the recommendations made by the Auditor General and the committee, the committee remains concerned about some issues and is requesting further information from the departments.**

40. Work on the building design standards manual is ongoing. In the August 1, 2019, update, the Department of Highways and Public Works noted “[c]onsultation with industry and other stakeholders is complete and the document is now in the final draft stage.”<sup>33</sup>

41. **Recommendation No. 1:** THAT the Department of Highways and Public Works provide the Standing Committee on Public Accounts, by January 31, 2020, a timeline of when work on the building design standards manual will be complete.

42. Radon remediation work has been completed on most sites with levels above the recommended limit. “Highways and Public Works is carrying out remediation activities in government buildings that tested over the recommended limits as per the radon guideline... Any building with greater than 200 Bq/cu m needs to be tested/remediated.”<sup>34</sup>

43. **Recommendation No. 2:** THAT the Department of Highways and Public Works provide the Standing Committee on Public Accounts, by January 31, 2020, a timeline of when radon remediation work on remaining sites will be complete.

44. Radon testing is not currently a requirement for licensing childcare centres and day homes. The Department of Health and Social Services “is exploring the option of

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<sup>28</sup> Ibidem.

<sup>29</sup> Ibidem.

<sup>30</sup> Letter re: Status update to the Standing Committee on Public Accounts, dated July 29, 2019, from Stephen Samis, Deputy Minister of Health and Social Services.

<sup>31</sup> Letter re: Status update to the Standing Committee on Public Accounts, dated August 1, 2019, from Jaime W. Pitfield, Deputy Minister of Highways and Public Works.

<sup>32</sup> Ibidem.

<sup>33</sup> Ibidem.

<sup>34</sup> Ibidem.

developing a regulation that may require license applications for child care programs to provide proof of radon testing results.”<sup>35</sup>

45. **Recommendation No. 3:** THAT the Department of Health and Social Services provide the Standing Committee on Public Accounts, by January 31, 2020, a timeline of when decisions will be made regarding whether radon testing will be made a requirement for licensing childcare centres and day homes.

## Climate Change in Yukon

### *Report of the Auditor General of Canada*

46. On December 5, 2017 the Auditor General issued an audit report entitled, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Climate Change in Yukon*. In conducting the audit, the Auditor General

... focused on whether selected Government of Yukon departments had worked to reduce greenhouse gas emissions and to adapt to the impacts of climate change, taking into account present and future generations. The departments selected for the audit were the Department of Environment; the Department of Energy, Mines and Resources; the Department of Highways and Public Works; and the Department of Community Services.<sup>36</sup>

47. The Auditor General summarized his conclusions as follows:

- Overall, [the Office of the Auditor General] found that the Government of Yukon created a strategy, an action plan, and two progress reports to respond to climate change. In developing these items, the government took good first steps toward providing leadership and direction for responding to climate change. However, the commitments in the government’s action plan and progress reports were weak and not prioritized. In addition, deficiencies in the Climate Change Secretariat’s reporting made it difficult to assess progress on the government’s climate change actions.<sup>37</sup>
- [The Office of the Auditor General] found that although the Department of Environment; the Department of Energy, Mines and Resources; and the Department of Community Services had begun to lay the groundwork for adapting to climate change by gathering information, they took limited concrete action. In [the Office of the Auditor General’s] opinion, the benefits of gathering information are fully realized only when the information is used to take action in a timely manner.<sup>38</sup>

48. The Auditor General’s report made four recommendations:

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<sup>35</sup> Letter re: Status update to the Standing Committee on Public Accounts, dated July 29, 2019, from Stephen Samis, Deputy Minister of Health and Social Services.

<sup>36</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Climate Change in Yukon*, December 2017, paragraph 10.

<sup>37</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Climate Change in Yukon*, December 2017, paragraph 16.

<sup>38</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Climate Change in Yukon*, December 2017, paragraph 45.

- The Climate Change Secretariat, working with departments and other stakeholders, should prepare a comprehensive territory-wide risk assessment to help prioritize commitments to manage the impacts of climate change.<sup>39</sup>
- The Department of Environment; the Department of Energy, Mines and Resources; the Department of Highways and Public Works; and the Department of Community Services should develop climate change commitments that are time-bound and costed. Commitments to reduce greenhouse gas emissions should indicate the intended levels of reductions.<sup>40</sup>
- The Climate Change Secretariat should publicly report in a consistent manner on progress made on all commitments, and on the expenditures associated with meeting the commitments.<sup>41</sup>
- The Department of Environment; the Department of Energy, Mines and Resources; and the Department of Community Services should complete their work to carry out concrete actions in a timely manner to adapt to the impacts of climate change. This work could include, but is not limited to, implementing recommendations from reports, making information available to decision makers, and explicitly incorporating climate change into directives, processes, and policies so that they are integrated into decision making.<sup>42</sup>

49. The departments agreed with all the recommendations.

#### *Report of the Public Accounts Committee*

50. The committee held a public hearing on February 14, 2018. Witnesses appeared from the Department of Community Services, the Department of Environment, the Department of Energy, Mines and Resources, and the Department of Highways and Public Works.

51. The committee released its Third Report on February 27, 2019. In its report, the committee accepted and endorsed the recommendations made by the Auditor General and included four recommendations of its own:

- Recommendation No. 1: THAT the departments should differentiate between targets and commitments.
- Recommendation No. 2: THAT timelines should be assigned to all departmental commitments.
- Recommendation No. 3: THAT one department be responsible for leading the new strategy on climate change and THAT the departments advise the committee which department is taking the lead.

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<sup>39</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Climate Change in Yukon*, December 2017, paragraph 30.

<sup>40</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Climate Change in Yukon*, December 2017, paragraph 31.

<sup>41</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Climate Change in Yukon*, December 2017, paragraph 44.

<sup>42</sup> Auditor General of Canada, *Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Climate Change in Yukon*, December 2017, paragraph 55.

- Recommendation No. 4: THAT the framework for the new strategy on climate change be submitted to the committee by August 1, 2019.

### *Status Update*

52. The committee wrote to request status updates from the Department of Community Services and the Department of Energy, Mines and Resources on May 27, 2019, and the Department of Environment, and the Department of Highways and Public Works on May 31, 2019. The departments responded between August 1 and 7, 2019; their responses are appended to this report.

**53. The committee is not satisfied with the response from the departments. While the departments have taken steps to address some of the recommendations made by the Auditor General and the committee, and some progress has been made, action still needs to be taken.**

54. No one department has been made responsible for leading the new strategy on climate change. The responses from the departments indicated that the “[d]evelopment of the strategy is an interdepartmental initiative being led by a Steering Committee comprised of representatives from the departments of Environment, Energy, Mines and Resources, and Economic Development.”<sup>43</sup>

55. **Recommendation No. 4:** THAT the departments provide the Standing Committee on Public Accounts, by January 31, 2020, information on how the interdepartmental steering committee on the climate change strategy operates and how the decision-making structure is preferable to having a single department responsible for leading the development of the strategy.

56. The framework for the new strategy has not yet been submitted to the committee. The departments “expect to complete and release a draft version of the new climate change, energy and green economy strategy for public engagement in late 2019.”<sup>44</sup>

57. **Recommendation No. 5:** THAT the departments provide the Standing Committee on Public Accounts, by January 31, 2020, a timeline of when the draft strategy on climate change will be available, and, once the draft strategy is available, the departments provide an in camera briefing to the Standing Committee on Public Accounts.

58. Work on climate change risk assessments is ongoing.

In summer 2018, federal, provincial and territorial colleagues, through the Canadian Council of Ministers of the Environment, began to discuss and identify project work to develop best practices in conducting climate change risk assessments given that all provinces and territories were directed by the Auditor General to proceed with risk assessments to prioritize work. This Canadian Council of Ministers of the Environment work is anticipated to be completed in early 2020.<sup>45</sup>

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<sup>43</sup> Letter re: Status update to the Standing Committee on Public Accounts, dated July 31, 2019, from John L. Bailey, Deputy Minister, Department of Environment

<sup>44</sup> Ibidem.

<sup>45</sup> Ibidem.

59. **Recommendation No. 6:** THAT the departments provide the Standing Committee on Public Accounts, by January 31, 2020, an updated timeline of when work on the climate change risk assessments will be complete.

## **Conclusion**

60. The committee would like to thank officials from the Office of the Auditor General of Canada for their work on the performance audit reports and for the assistance offered to the committee.

61. The committee would also like to thank the witnesses who appeared before the committee at the public hearings, and the department officials that responded to the committee's request for status updates.

## **Summary of Public Accounts Committee Recommendations**

**Recommendation No. 1:** THAT the Department of Highways and Public Works provide the Standing Committee on Public Accounts, by January 31, 2020, a timeline of when work on the building design standards manual will be complete.

**Recommendation No. 2:** THAT the Department of Highways and Public Works provide the Standing Committee on Public Accounts, by January 31, 2020, a timeline of when radon remediation work on remaining sites will be complete.

**Recommendation No. 3:** THAT the Department of Health and Social Services provide the Standing Committee on Public Accounts, by January 31, 2020, a timeline of when decisions will be made regarding whether radon testing will be made a requirement for licensing childcare centres and day homes.

**Recommendation No. 4:** THAT the departments provide the Standing Committee on Public Accounts, by January 31, 2020, information on how the interdepartmental steering committee on the climate change strategy operates and how the decision-making structure is preferable to having a single department responsible for leading the development of the strategy.

**Recommendation No. 5:** THAT the departments provide the Standing Committee on Public Accounts, by January 31, 2020, a timeline of when the draft strategy on climate change will be available, and, once the draft strategy is available, the departments provide an in camera briefing to the Standing Committee on Public Accounts.

**Recommendation No. 6:** THAT the departments provide the Standing Committee on Public Accounts, by January 31, 2020, an updated timeline of when work on the climate change risk assessments will be complete.



## Appendices

Documents provided by the departments:

- Status updates:
  - Memorandum re: Department of Economic Development response to the follow-up questions by the Standing Committee on Public Accounts on the Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Government Transfers to Societies — Yukon and Standing Committee on Public Accounts recommendations, dated July 18, 2019, from Justin Ferbey, Deputy Minister of Economic Development
  - Letter re: Status update to the Standing Committee on Public Accounts, dated July 29, 2019, from Stephen Samis, Deputy Minister of Health and Social Services
  - 2017 Capital Asset Audit: Department of Education update, dated July 2019
  - Letter re: Status update to the Standing Committee on Public Accounts - Department of Energy, Mines and Resources follow up questions, dated July 31, 2019, from Paul Moore, Deputy Minister of Energy, Mines and Resources
  - Letter re: Status update to the Standing Committee on Public Accounts, dated August 1, 2019, from Matt King, Deputy Minister of Community Services
  - Letter re: Status update to the Standing Committee on Public Accounts, dated August 1, 2019, from Jaime W. Pitfield, Deputy Minister of Highways and Public Works
  - Memorandum re: Department of Finance and Executive Council Office joint response to the follow-up questions by the Standing Committee on Public Accounts on the Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Government Transfers to Societies - Yukon and Standing Committee on Public Accounts recommendations, dated August 2, 2019, from Chris Mahar, A/Deputy Minister Department of Finance and Stephen Mills, Deputy Minister Executive Council Office
  - Letter re: Status update to the Standing Committee on Public Accounts, dated July 31, 2019, from John L. Bailey, Deputy Minister, Department of Environment

## MEMORANDUM

July 18, 2019

**TO:** Public Accounts Committee

**FROM:** Justin Ferbey  
Deputy Minister of Economic Development

**RE:** Department of Economic Development response to the follow-up questions by the Standing Committee on Public Accounts on the Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Government Transfers to Societies – Yukon and Standing Committee on Public Accounts recommendations.

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Please find enclosed Economic Development's response to the follow-up questions by the Standing Committee on Public Accounts with respect to the Report of the Auditor General of Canada to the Yukon Legislative Assembly 2017 on government transfers to societies – Yukon and Standing Committee on Public Accounts recommendations.

1. The Auditor General's report recommended "The Department of Community Services, the Department of Economic Development and the Department of Energy, Mines and Resources should consistently use a risk-based approach in their assessments of all funding requests. The departments should adequately document both project and capacity risk for government transfers and include funding agreement provisions, monitoring requirements and other elements that reflect the level of risk identified." The Department of Economic Development responded the department would "more methodically apply a risk-based approach that is consistent with the 2008 Government Transfers Policy in the Financial Administration Manual and will require documentation when implementing government transfers." At the public hearing, Mr. Ferbey stated that "We have taken the necessary steps required to meet those recommendations." In its first report, the Public Accounts Committee recommended "THAT the departments embrace risk assessments as a tool to

help identify weaknesses in projects and better support societies; and THAT the departments report to the Standing Committee on Public Accounts what progress has been made by November 1, 2018." **Is the department consistently using a risk-based approach in their assessments of all funding requests currently? What progress has been made on using risk assessments to identify weaknesses in projects and better support societies?**

**RESPONSE:**

Yes. All new funding requests are assessed against the department's risk assessment matrix. The assessment looks at both the project and recipient risk. The department's Finance and Administration Branch conducts compliance review on all transfer payments before they receive section 24 approval.

The department project advisors work with clients to ensure any weakness highlighted during the risk assessment process are sufficiently mitigated. Mitigation strategies applied depends on the nature of weakness identified. For instance, a project risk due to complexity of the project may be mitigated by a phase approach. In this example, the project is broken down to a number of phases and funding advanced for each phase, with subsequent phases being funded after successful completion of the prior phase.

2. In its first report, the Public Accounts Committee recommended "THAT the departments collaborate in order to standardize systems across the public service; and THAT the departments report to the Standing Committee on Public Accounts what steps have been taken by April 1, 2018." **What steps have been taken to standardize systems across the public service?**

**RESPONSE**

The department works collaboratively with other departments by sharing best practices on how to effectively manage transfer payment agreements. This includes collaborating in advance of a transfer agreement to understand where there might be potential multiple funding requests from the same recipient for the same service or project and/or referring a client to another department if the request better aligns with their mandate.

3. In its first report, the Public Accounts Committee recommended "THAT the departments consider creating separate policies for different categories of transfer payment agreements." **Has the creation of separate policies for different categories of transfer payment agreements been considered? What action has been taken?**

**RESPONSE**

No, there are no separate policies for different categories of transfer payments. Section 5.9 of the Financial Administration Manual includes guidelines to assist departments

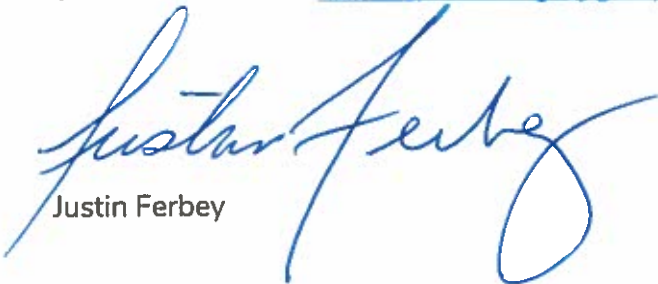
when drafting and managing all categories of transfer payment agreements. Flexibility provided under Section 5.9 allows the department to manage all categories of transfer payments using a risk-based approach.

4. In its first report, the Public Accounts Committee recommended “THAT the departments make efforts to reduce the burdens placed on societies receiving government transfers; and THAT the departments report to the Standing Committee on Public Accounts what steps have been taken by April 1, 2018.” What has been done to reduce the burdens placed on societies receiving government transfers?

**RESPONSE**

Use of a risk-based approach to manage government transfers allows the department to determine the appropriate terms and conditions to include in each agreement. Terms that may vary include the length of agreements, payment distribution, reporting frequency and supporting documents for reports.

Please contact Catherine Marangu, Director of Finance, Economic Development if you have any further questions with respect to the follow up response from Economic Development. Catherine can be contacted at [Catherine.marangu@gov.yk.ca](mailto:Catherine.marangu@gov.yk.ca) or 667-5933.



Justin Ferbey



Department of Health and Social Services  
PO Box 2703, Whitehorse, Yukon Y1A 2C6

July 29, 2019

Stacey Hassard  
Chair, Standing Committee on Public Accounts  
Yukon Legislative Assembly  
Box 2703  
Whitehorse, YT Y1A 2C6

Dear Mr. Hassard:

Thank you for your letter of May 31, 2019 regarding the work of the Standing Committee on Public Accounts. I am happy to provide you and the committee members with the following responses to the questions provided in your letter. These responses provide the requested update on actions taken by the Department of Health and Social Services (HSS) to respond to the recommendations of the Auditor General of Canada and the committee regarding capital asset management.

**1. What is the current status of the corporate radon management plan? Are the radon guidelines for the department complete?**

Led by the Public Service Commission (PSC) Corporate Health and Safety office, HSS was involved in developing the YG Radon Management Guideline. This document outlines Department requirements to test facilities within their portfolio, and Highways and Public Works (HPW) is responsible for mitigating sites that have higher than acceptable radon levels. The guidelines can be found online via the link below:  
[http://www.healthandsafety.gov.yk.ca/docs/downloads/radon-guideline\\_final\\_sept2017.pdf](http://www.healthandsafety.gov.yk.ca/docs/downloads/radon-guideline_final_sept2017.pdf)

**2. What is the current status of radon testing records?**

HSS radon testing records are up to date for 2017-2018 and we are awaiting lab results for 2018-19 winter testing.

**Is the department maintaining a database of detailed records of radon testing dates and exact locations, radon levels, remediation actions, and whether employees have been notified of testing results?**

Radon testing records are collected and uploaded to the Corporate Health and Safety centralized Parklane incident management system. Test dates, test locations, radon levels and remediation actions are all included in this software database. Departments are responsible for notifying staff of testing results. Employees working in tested facilities have been notified of test results and, if applicable, remediation.

**What is the current status of radon testing for all Health and Social Services facilities?**

All HSS 24 hour facilities, health centres, staff housing and some office spaces have been tested. The remainder of the office spaces will be tested over next heating season (winter of 2019-2020).

**What is the current status of radon remediation work?**

HPW has remediated most sites identified to have radon levels above the Health Canada recommended upper limit of 200 Bq/m<sup>3</sup>. Remaining sites will be remediated within the 2 year recommended period for sites with levels between 200 – 600 Bq/m<sup>3</sup> and within 1 year for sites with radon levels higher than 600 Bq/m<sup>3</sup>.

**3. Is radon testing currently a requirement for licensing childcare centres and day homes?**

Currently radon testing is not a requirement for licensing childcare centres and day homes however, HSS is exploring the option of developing a regulation that may require license applications for child care programs to provide proof of radon testing results.

**What is the current status of radon testing in childcare centres and day homes?**

During the winter of 2017-18, 58 licensed child care programs tested for radon (all programs licensed at that time that required testing) with the cost of the radon testing covered by HSS. Eight of the 58 tested child care programs required remediation for radon levels above the Health Canada recommended upper limit of 200 Bq/m<sup>3</sup> and funding was made available to

support this work. HSS has provided \$24,642 for radon mitigation to currently licensed programs as of June 2019.

In February 2019, three new licensed child care programs were offered free radon testing and two programs agreed to testing while one declined. The results of the two child care programs are pending.

All programs that have mitigated for radon will be offered re-testing in the winter of 2019-20 and any new licensed child care programs will be offered radon testing.

**What is the current status of the long-term building asset management planning?**

Ongoing. HPW's Property Management Division follows guidelines set out in their capital asset planning framework to plan, prioritize, and distribute projects across the 5-year capital plan. All departments now have long-term capital plans. The capital planning process is an ongoing, evolving and collaborative process between HPW and its client departments.

**Was building condition information shared with the department in time for planning for the 2018-19 fiscal year?**

Building condition information is shared with departments upon request or when project needs are identified that affect their program area. HPW is responsible for managing the YG building portfolio and all projects related to buildings (except residential and historic) and conducts all building condition assessments. Building condition information is held in a database that is used by HPW to plan and initiate building maintenance, recapitalization, and major construction projects. Building maintenance, recapitalization, and major construction projects that are identified by other departments typically arise from specific programming requirements rather than building condition information and these needs are considered through the annual 5-year capital planning process. There are processes in place for departments to initiate building maintenance, recapitalization, and major construction projects with HPW and departments are kept informed of any changes to these processes.

**Was the long term capital asset planning framework completed by the summer of 2017, as scheduled?**

HPW's Realty and Capital Asset Planning Branch finalized the long term capital asset planning framework for major capital projects in April 2018. The methodology outlined in the

report was tested in the fall of 2017, the first year that the government transitioned to a 5-year capital planning outlook. The framework is used to address, and plan for, various project types including building replacements, renovations, demolitions, consolidations, sales and acquisitions.

**Is the long-term capital plan now available to the public online?**

Yes, it is released yearly with the budget.

**4. What progress has been made on increasing collaboration across the public service?**

HPW works with all departments in Government of Yukon to plan, prioritize, and execute building planning, maintenance, recapitalization and major construction projects. HSS participates in this process together with all other Yukon government departments.

I trust that this information will help to inform the work of the Standing Committee on Public Accounts on this matter.

Sincerely,



For

Stephen Samis  
Deputy Minister



## 2017 Capital Asset Audit: Department of Education update

### **What is the current status of the corporate radon management policy? Are the radon guidelines for the department complete?**

The YG Radon Management Guideline is available on the Yukon Government Corporate Health and Safety website. This guideline is the primary document available for all YG departments.

### **What is the current status of radon testing records?**

The department of Education radon testing results are available on the Yukon government Corporate Health and Safety website which displays 2016-17 monitoring results, and 2017-18 testing results. These are presented in a High/Low format.

### **Is the department maintaining a database of detailed records of radon testing dates and exact locations, radon levels, remediation actions, and whether employees have been notified of testing results?**

The department has uploaded all radon testing details such as dates, locations, and results on the YG corporate hazard identification database Parklane. Letters have been sent out to all school communities notifying them of testing results and remediation actions.

### **Was the installation of radon meters completed on schedule?**

Yes.

### **Was information on radon levels provided to all staff and school community for the 2017-2018 school year?**

Letters were sent to inform staff and school communities on the results of the testing as well as any remediation work needed on their school building.

### **What is the current status of radon testing for all Department of Education facilities?**

All facilities have been tested as per the guideline.

### **What is the current status of radon remediation work?**

Remediation work was completed at Holy Family, Jack Hulland, Teen Parent Centre and Nelnah Bessie John Community school. Remediation work will be performed at Christ the King and Eliza Van Bibber school.

### **Was the radon remediation work ordered in 2017 completed?**

The remediation work at Jack Hulland and NBJ was completed in 2017-18 while TPC and Holy Family's work was not completed until during/after the 2018 heating season.

### **What is the status of remediation work on Holy Family Elementary School, Jack Hulland Elementary School, Nelnah Bessie John Community School and the Teen Parent Centre?**

Remediation work was completed in 2017-18 at Jack Hulland and Nelnah Bessie John Community School, results from long term testing confirm the remediation efforts reduced radon levels below parameters set in the guidelines. Remediation work at Holy Family and Teen Parent Centre was completed and long term testing will occur in 2019-20.



July 31, 2019

Stacey Hassard, Chair  
Standing Committee on Public Accounts  
PO Box 2703  
Whitehorse, Yukon Y1A 2C6

Dear Mr. Hassard:

**Re: Status update to the Standing Committee on Public Accounts – Department of Energy, Mines and Resources follow up questions**

Please find below a status update requested by the Standing Committee on Public Accounts reviewing actions taken over the last two years in response to recommendations made in the reports of the committee and the reports of the Auditor General. These include the Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Government Transfers to Societies – Yukon and the Report of the Auditor General of Canada to the Yukon Legislative Assembly - 2017: Climate Change in Yukon.

**Government Transfers to Societies**

**1. Are all staff now trained and aware of the changes to the process for ensuring compliance?**

The Department of Energy, Mines and Resources has provided training to staff in all branches of the department to ensure that they are aware of changes to the process for ensuring compliance. This training includes refreshers for staff at various levels and orientation for new staff including senior management. Briefings for all staff have included a summary of relevant documents on the Energy, Mines and Resources' Finance SharePoint Site and familiarization with the checklists and risk-assessments required for transfer agreements.

**2. Is the department consistently using a risk-based approach in their assessments of all funding requests currently? What progress has been made on using risk-assessments to identify weaknesses in projects and better support societies?**

The Department of Energy, Mines and Resources uses evidence-based assessment tools and assesses funding requests on a case-by-case basis. Risk-assessment is directly incorporated into the funding review process of projects. For example, as part of our analysis of Transfer Payment Agreements under the Canadian Agricultural Partnership, we worked directly with the Agricultural Industry Advisory Committee to ensure that the process did not unduly encumber the applicant,

while balancing the needs of a strong legal agreement which met the requirements of Yukon legislation and the Government of Canada.

**3. What steps have been taken to standardize systems across the public service?**

The Department of Energy, Mines and Resources, along with the departments of Community Services and Economic Development, have taken steps to ensure that processes within each department are standardized. Oversight is provided by the Department of Finance's Policy and Compliance Unit, which encourages the use of standardized forms and systems across the public service.

Departments share best practices on how to effectively manage transfer payment agreements. The Department of Energy, Mines and Resources continues to participate in the Department of Finance's ongoing work in this matter. The Department of Energy, Mines and Resources collaborates with other departments in advance of a transfer agreement to understand where there might be potential for multiple funding requests from the same recipient.

**4. Has the creation of separate policies for different categories of transfer payment agreements been considered? What action as been taken?**

The Financial Administration Manual's Transfer payments policy (FAM 5.9) is the responsibility of the Department of Finance. This policy includes guidelines to assist departments when drafting and managing all categories of transfer payment agreements.

The Department of Energy, Mines and Resources has taken steps to assess the level of risk of the funding requests. Factors such as the level of funding, the complexity of the project and capacity and performance track record of the recipient to deliver on intended goals are taken into consideration for each request. Risk-assessment outcomes are used by the department to meet monitoring and reporting obligations.

**5. What has been done to reduce the burdens placed on societies receiving government transfers?**

The Department of Energy, Mines and Resources is working with the Department of Finance to standardize and minimize administrative burdens required of transfer fund recipients. The department regularly shares preferred practices and risk-assessment approaches with other departments to ensure that requests for funding are evaluated efficiently and effectively.

The department works with stakeholders in developing and delivering the department's transfer programs. The evaluation of the Canadian Agricultural Partnership applications for funding are reviewed by a committee that includes agriculture industry representation. The Yukon Geological Survey recently met with the Yukon Prospectors' Association to ask for ideas on how to improve the Grassroots Prospecting category.

## Climate Change

### **1. What progress has been made on the strategy? Will the framework of the draft strategy be provided to the committee? When will the new climate change strategy be completed?**

The Government of Yukon is responding to recommendations from the Auditor General of Canada through a number of actions, including the development of a new Yukon strategy for climate change, energy and green economy. The strategy's goals are to support reliable, affordable and renewable energy, reduce greenhouse gas emissions, ensure Yukon is resilient to the impacts of climate change and to foster new green economic opportunities.

This is an interdepartmental initiative and development of the strategy is being led by a Steering Committee comprised of representatives from the departments of Environment, Energy, Mines and Resources and Economic Development. In addition, this strategy is being developed through a partnership with Yukon First Nations, transboundary Indigenous groups and Yukon municipalities. This partnership approach is fostering collective action to address the complex issue of climate change, energy and green economy.

Progress to date includes:

- In 2017, a total of 31 governments and organizations such as Yukon First Nation, transboundary and municipal governments, as well as the Association of Yukon Communities and the Council of Yukon First Nations, were invited to participate in the development of the strategy. Of those, 28 parties participated in the planning and/or the first round of public consultation.
- In fall 2018, public engagement events on climate change, energy and green economy were held in 12 Yukon communities and Inuvik to learn what is important to Yukoners and individuals from transboundary Indigenous groups to address in this new strategy. Close to

Stacey Hassard, Chair

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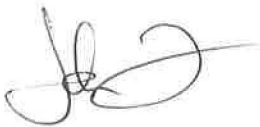
July 31, 2019


300 people participated in these meetings, and we also received 481 responses to the online survey.

- The project team also met with 25 stakeholder groups during the engagement including industry associations, businesses, energy organizations, environmental non-government organizations and others.
- Since the Standing Committee's last update request in February 2019, research has been completed on the cost effectiveness of greenhouse gas reduction policies, climate change risks to the Government of Yukon, and opportunities to grow Yukon's green economy to inform the content of the strategy.
- With Indigenous and municipal partners, we identified several criteria to prioritize what to include in the strategy, and used these criteria to identify approximately 35 focus areas. Using criteria to prioritize what the strategy should focus on responds to recommendations from the audit.
- The Government of Yukon is working internally with departments to identify actions government will take to meet the objectives developed with partners.
- Yukon First Nations, transboundary Indigenous groups, and Yukon municipalities have also been invited to identify and include actions to support the strategic objectives.

We expect to complete and release a draft version of the new climate change, energy and green economy strategy for public engagement in late 2019. The Standing Committee on Public Accounts is invited to review the draft strategy at this time. We will then use the input received from the engagement to modify and finalize the strategy in early 2020.

Sincerely,



 Paul Moore  
Deputy Minister of Energy, Mines and Resources





August 1, 2019

Stacey Hassard, Chair  
Standing Committee on Public Accounts  
Yukon Legislative Assembly  
Box 2703  
Whitehorse, YT Y1A 2C6

Dear Stacey Hassard:

Thank you for your letter dated May 27, 2019, regarding actions that have been taken since the release of the Report of the Auditor General of Canada to the Yukon Legislative Assembly – 2017: *Climate Change in Yukon* and Report of the Auditor General of Canada to the Yukon Legislative Assembly – 2017: *Government Transfers to Societies*. Please find below answers to the list of questions put forward to the Department of Community Services.

#### **Government Transfers to Societies**

**1. Are all program officers now trained and aware of the changes to the process for ensuring compliance?**

As a result of the Auditor General's audit report and in concert with the Standing Committee on Public Accounts Public Hearing on June 28, 2017, new forms and processes were implemented by April 1, 2018. Community Services has established a checklist for program officers to categorize low or medium/high risk agreements capturing the funding needs of the recipient. A copy of the Corporate Registry certificate of compliance is saved to the Transfer Agreement file to validate verification tasks have been completed. Finally, administration operations and protocols have been shared on an internal website dedicated to standardized templates, forms, tips and tricks and provides a consistent resource to administrators.

**2. What is the current practice? Is the department consistently using a risk-based approach in their assessments of all funding requests currently?**

As a result of the Auditor General's audit report and in advance of the Standing Committee on Public Accounts Public Hearing on June 28, 2017, Community Services implemented a risk assessment process. As of April 1, 2018 transfer payment agreements have a completed risk assessment matrix on file which evaluates both project and recipient risk. Considerations also include:

- Credibility and track record;
- Size, capacity and sophistication;

- Community support;
- Skills, experience and expertise in achieving goals;
- Project management skills; and
- Accounting and record keeping skills and any other foreseeable constraints.
- As of July 15, 2019 the department has 273 open transfer payment agreements. 256 agreements (94%) have been approved since implementation of the risk assessment process and 17 agreements (6%) are multi-year agreements approved prior to the April 1, 2017 process improvement implementation.

### **3. Are post-assessment reports currently being completed for all programs and projects?**

A standard assessment tool template for transfer payments is in development for use by Government of Yukon line departments. Once complete, this reporting will:

- Assess Government of Yukon priority and mandate related outcomes;
- Address program/initiative specific outcomes;
- Build on department of Finance Evaluation Unit research; and
- Improve existing departmental results management approaches.

### **4. What steps have been taken to standardize systems across the public service?**

Departments are sharing best practices on how to effectively manage transfer payment agreements. Departments are collaborating in advance of a transfer agreement to understand where there might be potential multiple funding requests from the same recipient for the same service or project.

Departments have put in place individual risk assessment tools. An updated standard risk assessment framework for transfer payments is in development for use by Government of Yukon line departments. Once complete, the department of Finance will work with departments to ensure risk assessments are conducted effectively.

### **5. Has the creation of separate policies for different categories of transfer payment agreements been considered? What action has been taken?**

No, there are not separate policies for different categories of transfer payments. Section 5.9 of the Financial Administration Manual includes guidelines to assist departments when drafting and managing all categories of transfer payment agreements.

Departments are expected to assess the level of risk of the funding requests by considering such factors as the level of funding, complexity of the project and capacity and performance track record of the recipient to deliver on intended goals.

The results of this risk assessment should be used by departments to establish the most appropriate monitoring and reporting requirements.

**6. What has been done to reduce the burdens placed on societies receiving government transfers?**

The Financial Administration Manual provides departments with the flexibility to determine the appropriate administrative reporting requirements with anticipated risks associated with the transfer payment.

**Climate Change**

**1. What progress has been made on the strategy? Will the framework of the draft strategy be provided to the committee? When will the new climate change strategy be completed?**

The Government of Yukon is responding to recommendations from the Auditor General of Canada through a number of actions, including the development of a new Yukon strategy for climate change, energy and green economy. The strategy's goals are to support reliable, affordable and renewable energy, reduce greenhouse gas emissions, ensure Yukon is resilient to the impacts of climate change, and to foster new green economic opportunities.

This is an interdepartmental initiative and development of the strategy is being led by a Steering Committee comprised of representatives from the departments of Environment, Energy Mines and Resources, and Economic Development. In addition, our government is developing this strategy through a partnership with Yukon First Nations, transboundary Indigenous groups and Yukon municipalities. This partnership approach is fostering collective action to address the complex issue of climate change, energy and green economy.

Progress to date includes:

- In 2017, a total of 31 governments and organizations such as Yukon First Nation, transboundary and municipal governments, as well as the Association of Yukon Communities and the Council of Yukon First Nations, were invited to participate in the development of the strategy. Of those, 28 parties participated in the planning and/or the first round of public consultation.
- In fall 2018, public engagement events on climate change, energy and green economy were held in 12 Yukon communities and Inuvik to learn what is important to Yukoners and individuals from transboundary Indigenous groups to address in this new strategy. Close to 300 people participated in these meetings, and we also received 481 responses to our online survey.
- The project team also met with 25 stakeholder groups during the engagement including industry associations, businesses, energy organizations, environmental non-government organizations, and others.



- Since the Standing Committee's last update request in February 2019, research has been completed on the cost effectiveness of greenhouse gas reduction policies, climate change risks to the Government of Yukon, and opportunities to grow Yukon's green economy to inform the content of the strategy.
- With Indigenous and municipal partners, we identified several criteria to prioritize what to include in the strategy, and used these criteria to identify approximately 35 focus areas. Using criteria to prioritize what the strategy should focus on responds to recommendations from the audit.
- The Government of Yukon is working internally with departments to identify actions this government will take to meet the objectives developed with partners.
- Yukon First Nations, transboundary Indigenous groups, and Yukon municipalities have also been invited to identify and include actions to support the strategic objectives.

Yukon government expects to complete and release a draft version of the new climate change, energy and green economy strategy for public engagement in late 2019. The Standing Committee on Public Accounts is invited to review the draft strategy at this time. Departments will then use the input received from the engagement to modify and finalize the strategy in early 2020.

If you have any questions or wish to discuss further, please do not hesitate to contact me.

Sincerely,



Matt King  
Deputy Minister, Department of Community Services



Department of Highways and Public Works  
PO Box 2703, Whitehorse, Yukon  
Y1A 2C6

August 1, 2019

Stacey Hassard, Chair  
Standing Committee on Public Accounts  
Yukon Legislative Assembly  
Box 2703  
Whitehorse, YT Y1A 2C6

Dear Mr. Hassard:

Thank you for your letter dated May 31, 2019, regarding actions that have been taken since the release of the *Report of the Auditor General of Canada to the Yukon Legislative Assembly – 2017: Climate Change in Yukon*. Please find below answers to the list of questions put forward to the Department of Highways and Public Works.

**1. What steps have been taken to ensure that responding to audit recommendations is a priority for the department?**

Highways and Public Works has addressed all of the recommendations of the *Report of the Auditor General of Canada to the Yukon Legislative Assembly 2017: Capital Asset Management*.

**2. Was the data verification completed on schedule?**

Yes. Building condition assessments and data verification have been completed and building condition assessment data is used to build the 5-year capital maintenance plan.

**3. Is the new policy and data verification now complete?**

Yes. The new policy is complete and is in the General Administration Manual, volume 2. All building condition assessments have been entered into the building database and verified.

**4. Has building condition assessment data been made available to program departments?**

Yes. Building condition information is available to all departments upon request.

**5. What progress has been made on identifying priority building maintenance projects?**

Building maintenance projects are being identified using building condition assessment data. On-site energy assessments include energy consumption data, completed and upcoming projects, work requests, building maintenance records, and facility condition assessment reports. This information is used to generate recommendations for capital projects. Projects are scored, then prioritized, and the prioritized list is incorporated into the 5-year capital maintenance plan.

**6. Was the department in a position to prioritize projects based on assessments in time for the 2018 capital maintenance plan?**

Yes. The full list of prioritized projects has been used to create the 5-year capital maintenance plan. The list is revisited and prioritized as new projects arise.

**7. Have long-term capital maintenance plans been developed?**

Yes. The department has created a 5-year capital maintenance plan.

**8. What progress has been made on undertaking regular building condition assessments every five years?**

The department has developed a multi-year cycle of building condition re-assessments starting in 2019.

**9. What progress has been made on incorporating additional data on building energy use and other specialized building assessments?**

Building energy use data and data from other specialized building assessments is used to prioritize capital maintenance projects.

**10. What is the current status of the building design standards manual?**

Consultation with industry and other stakeholders is complete and the document is now in the final draft stage. Permafrost considerations have been included in building design standards.

**11. What is the current status of the monitoring and assessment plan for government buildings located on sensitive permafrost areas?**

The department carried out screening-level structural assessments of buildings owned by the Government of Yukon as part of the building condition assessment process cycle. Assessments are complete for all Government of Yukon buildings located in permafrost zones. In the future, as part of the regular building condition assessment, building assessments will include a permafrost review for buildings located on permafrost.

**12. Was a portfolio-wide assessment completed?**

Yes. A portfolio-wide permafrost assessment was completed.

**13. Did the consultant conducting assessments complete the work by the fall of 2017, as scheduled?**

Yes. Assessments are complete for all Government of Yukon buildings located in permafrost zones. The final report includes recommendations for monitoring, assessment and remediation of impacted buildings.

**14. Has “phase three”, the report with building-specific findings and recommendations, been completed?**

Yes. The final report includes recommendations for monitoring, assessment and remediation of impacted buildings.

**15. What is the current status of the detailed mitigation and adaptation plan for the buildings identified as requiring repair and remediation?**

All building assessments are complete and we have recommendations for remediation of impacted buildings. The department is undertaking repairs and remediation as required.

**16. What is the current status of the corporate radon management policy?**

The Public Service Commission developed a corporate radon guideline which has been approved and implemented. Highways and Public Works participated in the development and review of the guideline.

**17. Are the radon guidelines for all departments complete?**

Yes. The radon guideline applies to all departments.

**18. What is the current status of radon testing in all government buildings?**

As per the direction of the Corporate Health and Safety Unit of the Public Service Commission, radon testing is to be completed by the department that occupies the building. The radon guideline provided a testing schedule over three years. Testing is underway in Highways and Public Works buildings according to this schedule, with testing continuing this winter. Some small-scale testing was carried out in year one (2017-2018) to help prepare for the busiest phase of the program.



**19. What is the current status of radon remediation work?**

Highways and Public Works is carrying out remediation activities in government buildings that tested over the recommended limits as per the radon guideline. Buildings with elevated levels receive additional testing and/or remediation as indicated by the guideline. Any building with greater than 200 Bq/cu m needs to be tested/remediated. This year we are remediating the Faro health centre and the Yukon College family residence (basement level). Two other projects are planned at Christ the King Elementary School and Eliza Van Bibber school.

**20. What is the current status of radon testing records?**

The Public Service Commission has posted radon testing results on the Government of Yukon corporate health and safety website, which is available to all employees and the public:  
<http://healthandsafety.gov.yk.ca/resources-templates/resources/radon>

**21. Is the department maintaining a database of detailed records of radon testing dates and exact locations, radon levels, remediation actions, and whether employees have been notified of testing results?**

The Public Service Commission is maintaining a database of detailed records of radon testing, which includes remediation actions. Individual departments are responsible for notification to employees. Results by department and location are also posted on the corporate health and safety website: <http://healthandsafety.gov.yk.ca/resources-templates/resources/radon>

**22. What is the current status of the update to Policy 2.8 (Building and Equipment Maintenance) in the General Administration Manual?**

The Building and Equipment Maintenance Policy (GAM 2.8) has been updated to clarify what is building maintenance, as recommended.

**23. Has the policy been approved and fully implemented?**

Yes. The revised policy was approved and is in effect as of February 8, 2018.

**24. Have multi-year building maintenance plans for each department been developed?**

Building maintenance plans for all departments are included in the 5-year capital maintenance plan. Since 2017-18, 100% of building maintenance projects have been scored and prioritized. Maintenance requirements are being completed. A program to track building maintenance projects is being developed and is expected to be complete this winter.

**25. Was the department successful in having all projects this past fiscal year meet the criteria for building maintenance?**

Yes. All capital maintenance projects met the criteria for building maintenance.

**26. What is the current status of the long-term building asset management planning?**

The 5-year capital maintenance plan is complete for all departments, and is updated as required. The Department of Highways and Public Works' Property Management Division follows guidelines set out in their capital asset planning framework to plan, prioritize, and distribute projects across the Government of Yukon Five-year Capital Plan 19/20 to 23/24.

**27. Was building condition information shared with the departments in time for planning for the 2018-19 fiscal year?**

Building condition information is shared with departments upon request or when project needs are identified that affect their program area. Highways and Public Works is responsible for managing the Yukon government building portfolio and all projects related to buildings (except residential buildings) and conducts all building condition assessments. Building condition information is held in a database that is used by Highways and Public Works to plan and initiate building maintenance, recapitalization, and major construction projects. Building maintenance, recapitalization, and major construction projects that are identified by other departments typically arise from specific programming requirements rather than building condition information and these needs are considered through the annual 5-year capital planning process. There are processes in place for departments to initiate building maintenance, recapitalization, and major construction projects with Highways and Public Works; departments are kept informed of any changes to these processes.

**28. Was the long term capital asset planning framework completed by the summer of 2017, as scheduled?**

The Department of Highways and Public Works' Realty and Capital Asset Planning Branch finalized the long term capital asset planning framework for major capital projects in April 2018. The methodology outlined in the report was tested in the fall of 2017, the first year that the government transitioned to a 5-year capital planning outlook. The framework is used to address, and plan for, various project types including building replacements, renovations, demolitions, consolidations, sales and acquisitions.

**29. What is the status of data collection?**

Baseline building condition assessments are complete and the information has been entered into the database and verified.

**30. Is the long-term capital plan now available to the public online?**

Building projects have been included in the Government of Yukon Five-year Capital Plan 19/20 to 23/24, which has been tabled in the Yukon Legislative Assembly and is available to the public online.

**31. What progress has been made on increasing collaboration across the public service?**

Highways and Public Works has established the Capital Planning Office, which works collaboratively with departments to develop long-term capital plans for capital projects.

Highways and Public Works collaborates with all departments in the Government of Yukon to plan, prioritize, and execute building planning, maintenance, recapitalization and major construction projects.

**32. What steps have been taken to develop and implement a plan to maintain or replace the aging assets within the department's portfolio?**

A 5-year capital maintenance plan and the Government of Yukon Five-year Capital Plan 19/20 to 23/24 have been completed for the building portfolio. We are developing a more detailed capital maintenance plan to maintain or replace aging assets within our portfolio.

**Climate Change**

**1. What progress has been made on the strategy? Will the framework of the draft strategy be provided to the committee? When will the new climate change strategy be completed?**

The Government of Yukon is responding to recommendations from the Auditor General of Canada through a number of actions, including the development of a new Yukon strategy for climate change, energy and green economy. The strategy's goals are to support reliable, affordable and renewable energy, reduce greenhouse gas emissions, ensure Yukon is resilient to the impacts of climate change and to foster new green economic opportunities.

This is an interdepartmental initiative and strategy development is being led by a steering committee comprised of representatives from the departments of Environment, Energy Mines and Resources, Highways and Public Works, and Economic Development. In addition, our government is developing this strategy through a partnership with Yukon First Nations, transboundary Indigenous groups and Yukon municipalities. This partnership approach is fostering collective action to address the complex issue of climate change, energy and green economy.

Progress to date includes:

- In 2017, a total of 31 governments and organizations such as Yukon First Nation, transboundary and municipal governments, as well as the Association of Yukon Communities and the Council of Yukon First Nations, were invited to participate in the development of the strategy. Of those, 28 parties participated in the planning and/or the first round of public consultation.
- In fall 2018, public engagement events on climate change, energy and green economy were held in 12 Yukon communities and Inuvik to learn what is important to Yukoners and individuals from transboundary Indigenous groups to address in this new strategy. Close to 300 people participated in these meetings, and we also received 481 responses to our online survey.
- The project team also met with 25 stakeholder groups during the engagement including industry associations, businesses, energy organizations, environmental non-government organizations, and others.
- Since the standing committee's last update request in February 2019, research has been completed on the cost effectiveness of greenhouse gas reduction policies, climate change risks to the Government of Yukon, and opportunities to grow Yukon's green economy to inform the content of the strategy.
- With Indigenous and municipal partners, we identified several criteria to prioritize what to include in the strategy, and used these criteria to identify approximately 35 focus areas. Using criteria to prioritize what the strategy should focus on responds to recommendations from the audit.
- The Government of Yukon is working internally with departments to identify actions this government will take to meet the objectives developed with partners.
- Yukon First Nations, transboundary Indigenous groups, and Yukon municipalities have also been invited to identify and include actions to support the strategic objectives.

We expect to complete and release a draft version of the new climate change, energy and green economy strategy for public engagement in late 2019. The Standing Committee on Public Accounts is invited to review the draft strategy at this time. We will then use the input received from the engagement to modify and finalize the strategy in early 2020.

- 2. What is the current status of the risk assessment? What progress has been made in the last year? Was the work to screen all Yukon government departments for climate change risks completed in 2018? Has the analysis of the risk exposure and vulnerability of high risk departments been completed? Is the department on track to complete the report in 2020? What is the target for completion of the report?**

The Government of Yukon is currently working on two different risk assessments to help prioritize its work. The first is a departmental risk assessment to identify climate change impacts that directly and indirectly affect the capacity of Government of Yukon departments



to achieve their objectives, and that may present increasing challenges and financial costs. The second is a Yukon-wide risk and vulnerability assessment.

#### **Yukon government departmental risk assessment**

The Government of Yukon committed in its 2017 Department of Environment mandate letter to “integrate risk assessments and mitigation actions related to climate change in government policies, processes and projects.” We also committed to the Office of the Auditor General and the Standing Committee on Public Accounts that we would complete this work.

#### **Current status:**

- The Climate Change Secretariat hired the corporate risk assessment project consultant in March 2018 to complete three phases of work informed by and adherent to standards ISO 31000, the international standard for risk assessments.
- The first phase of work, assessing climate risk, was completed at the end of 2018. The work included an analysis of climate exposures and hazards across the Government of Yukon departments and examination of sensitivities of departmental operations and assets to changing climate conditions.
- The second phase of work, an in-depth analysis of hazards, sensitivities, and current risk mitigation practices, is underway with the Department of Community Services as a pilot. We expect this phase of work to be complete by the fall of 2019.
- Based on assessment results, the consultant will work with the Government of Yukon to pilot climate risk reduction plan for Community Services. This will include clear recommendations and an implementation and monitoring plan that can be actioned by relevant branches. Completion date is anticipated for end of 2019.
- This pilot will inform an approach for other departments and risk areas.

#### **Yukon-wide climate change risk and vulnerability assessment**

The Government of Yukon committed to the Office of the Auditor General and the Public Accounts Committee that we would complete a Yukon-wide risk and vulnerability assessment to help prioritize work.

#### **Current status:**

- The Climate Change Secretariat commissioned the Northern Climate Exchange at Yukon College, and through them the Ontario Centre for Climate Impacts and Adaptation Research (OCCIAR), in a scoping exercise to review methodologies that could be used in a Yukon-wide climate risk and vulnerability assessment. The report was delivered on September 1<sup>st</sup>, 2018. Three general approaches were outlined in the report.

- In summer 2018, federal, provincial and territorial colleagues, through the Canadian Council of Ministers on the Environment (CCME), began to discuss and identify project work to develop best practices in conducting climate change risk assessments given that all provinces and territories were directed by the Auditor General to proceed with risk assessments to prioritize work. This CCME work is anticipated to be complete in early 2020. It is anticipated to explore known approaches using ISO standards and best practices outlined by the Intergovernmental Panel on Climate Change.
- The Government of Yukon decided to participate in and learn from the CCME federal, provincial and territorial work so that our efforts in this area, in conjunction with what we learned from the NCE report, can be well informed and present the best path forward. We intend to begin developing our own vulnerability and risk assessment plan in early 2020, after the launch of the new climate change, energy and green economy strategy.
- No other provinces or territories except British Columbia have begun their updated risk assessments in response to their Auditors' General report recommendations. Most are waiting for the results of the collaborative CCME work to inform their approach.
- Yukon is co-leading the CCME working group with Environment and Climate Change Canada to ensure that we are fully engaged and among the first to learn the results of the project work.

### **3. What progress has been made on setting targets and commitments?**

The new climate change, energy and green economy strategy will contain: high-level goals related to climate change, energy and green economy; strategic objectives to reach those goals; and specific actions that will contribute to the strategic objectives (see the response to question 1). We will establish ambitious and achievable targets in the strategy for some of the actions, strategic objectives and/or goals as appropriate. The goal is to communicate our desired level of change and to assist with transparent tracking and reporting on progress. These targets are under development and will be included in the draft strategy when it is released for the second phase of public engagement.

The project team is in the process of working with Government of Yukon departments to identify actions (or commitments) to be included in the strategy on the part of the Government of Yukon.

### **4. What progress has been made on assigning timelines to all departmental commitments?**

The Government of Yukon's actions in the new strategy will be supported by clear timelines as well as anticipated costs and greenhouse gas reductions, where relevant.

**5. Which department is currently responsible for leading the new strategy on climate change?**

Developing the strategy is an interdepartmental initiative being led by a steering committee comprised of representatives from the departments of Environment, Energy Mines and Resources, and Economic Development.

If you have any questions or wish to discuss further, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jaime W. Pitfield', with a stylized, cursive script.

Jaime W. Pitfield

Deputy Minister, Department of Highways and Public Works



Department of Finance  
Office of the Deputy Minister



## MEMORANDUM

**DATE:** August 2, 2019

**TO:** Public Accounts Committee

**FROM:** Chris Mahar  
A/Deputy Minister, of Finance  
Stephen Mills  
Deputy Minister, Executive Council Office

**RE:** Department of Finance and Executive Council Office joint response to the follow-up questions by the Standing Committee on Public Accounts on the Report of the Auditor General of Canada to the Yukon Legislative Assembly – 2017: Government Transfers to Societies – Yukon and Standing Committee on Public Accounts recommendations.

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Please find the joint response on behalf of the Department of Finance and the Executive Council Office to the follow-up questions by the Standing Committee on Public Accounts:

1. The Auditor General's report recommended "The Department of Finance and the Executive Council Office should work together—and consult with other departments, as necessary—to review the 1998 NGO Funding Policy in the General Administration Manual and the 2008 Government Transfers Policy in the Financial Administration Manual. They should resolve contradictions in the policies and define key policy concepts." The Department of Finance responded that it would "work with the Executive Council Office to conduct an initial scoping of the possible changes and approach" to be completed by April 1, 2017 and it anticipated "this initiative will be completed by November 2018, subject to how it is prioritized in relation to other initiatives." At the public hearing Ms. White stated "The Department of Finance does believe that the target of November 2018 is sufficient time to address the recommendations found in paragraph 31, namely, to resolve contradictions in the policies and to define key policy concepts."

**Was the target date of November 2018 met? Have the contradictions been resolved and all concepts defined in the newest version of the policy?**

**Response:**

**To address the policy contradictions in the two policies, YG decided to retain one comprehensive policy to administer transfer payments.**

**On January 17, 2018 section 1.6 of the General Administration Manual - NGO Funding was revoked and changes were made to section 5.9 of the Financial Administration Manual (FAM) - Government Transfers.**

**In April 2018 FAM was updated and changes were communicated to departments. These changes include the definition of "Good Standing" and guidance on using a results-based and risk-based management approach.**

2. The Auditor General's report recommended "The Executive Council Office should create, in consultation with departments, an evaluation policy that will support a results-based approach to managing government transfers, so that departments can measure, account for, and report on expected results." During the public hearing, Ms. Muir stated "ECO and Finance have determined that the policy guidance for evaluating government transfers should reside with Finance. Officials will recommend that the government transfers policy be amended to include this. It is expected that this work will be undertaken over the next year or so with a target of finalizing a policy in the fall of 2018 with implementation and training to follow." In its first report, the Public Accounts Committee recommended "THAT the creation and implementation of a corporate evaluation policy be prioritized and completed by November 1, 2018." **Was the policy completed by the target date of November 2018? What is the current status of implementation and training?**

**Response:**

**The Government Transfers policy was amended in April 2018 to direct departments to review and evaluate funding programs in accordance with the results-based guidelines laid out in section 5.9.5.2 of the policy.**

**An Evaluation unit was created within the Department of Finance. This unit has been working closely with departments to develop a corporate evaluation policy and tools to support a consistent results-based approach, one of which is for the effective management of government transfers.**

3. In its first report, the Standing Committee on Public Accounts recommended "THAT the departments collaborate in order to standardize systems across the public service; and THAT the departments report to the Standing Committee on Public Accounts what steps

have been taken by April 1, 2018." **What steps have been taken to standardize systems across the public service?**

**Response:**

Departments are sharing best practices on how to effectively manage transfer payment agreements. Departments are collaborating in advance of a transfer agreement to understand where there might be potential multiple funding requests from the same recipient for the same service or project.

Departments have put in place individual risk assessment tools. An updated standard risk assessment framework for transfer payments is in development for use by YG line departments. Once complete, the department of Finance will work with departments to ensure risk assessments are conducted effectively.

4. In its first report, the Standing Committee on Public Accounts recommended "THAT the departments consider creating separate policies for different categories of transfer payment agreements." **Has the creation of separate policies for different categories of transfer payment agreements been considered? What action has been taken?**

**Response:**

No, there are not separate policies for different categories of transfer payments. Section 5.9 of the Financial Administration Manual includes guidelines to assist departments when drafting and managing all categories of transfer payment agreements.

Departments are expected to assess the level of risk of the funding requests by considering such factors as the level of funding, complexity of the project and capacity and performance track record of the recipient to deliver on intended goals.

The results of this risk assessment should be used by departments to establish the most appropriate monitoring and reporting requirements.

5. In its first report, the Standing Committee on Public Accounts recommended "THAT the departments make efforts to reduce the burdens placed on societies receiving government transfers; and THAT the departments report to the Standing Committee on Public Accounts what steps have been taken by April 1, 2018." **What has been done to reduce the burdens placed on societies receiving government transfers?**

**Response:**


**The Financial Administration Manual provides departments with the flexibility to determine the appropriate administrative reporting requirements with anticipated risks associated with the Transfer Payment.**

Please contact Michele Goshulak, A/Comptroller, if you have any further questions regarding these responses. You can contact Michele at [Michele.Goshulak@gov.yk.ca](mailto:Michele.Goshulak@gov.yk.ca) or 867-333-0622.

Thank you.



Chris Mahar  
A/ Deputy Minister  
Department of Finance

  
Stephen Mills  
Deputy Minister  
Executive Council Office

Jasmina Randhawa  
A/DM.





Environment  
PO Box 2703, Whitehorse, Yukon Y1A 2C6

July 31, 2019



Stacey Hassard, Chair  
Standing Committee on Public Accounts  
Yukon Legislative Assembly  
Box 2703  
Whitehorse, YT Y1A 2C6

Dear Stacey Hassard:

Thank you for your letter dated May 31, 2019, regarding actions that have been taken since the release of the *Report of the Auditor General of Canada to the Yukon Legislative Assembly – 2017: Climate Change in Yukon*. Please find below answers to the list of questions put forward to the Department of Environment.

**1. What progress has been made on the strategy? Will the framework of the draft strategy be provided to the committee? When will the new climate change strategy be completed?**

The Government of Yukon is responding to recommendations from the Auditor General of Canada through a number of actions, including the development of a new Yukon strategy for climate change, energy and green economy. The strategy's goals are to support reliable, affordable and renewable energy, reduce greenhouse gas emissions, ensure Yukon is resilient to the impacts of climate change, and to foster new green economic opportunities.

This is an interdepartmental initiative and development of the strategy is being led by a Steering Committee comprised of representatives from the departments of Environment, Energy Mines and Resources, and Economic Development. In addition, our government is developing this strategy through a partnership with Yukon First Nations, transboundary Indigenous groups and Yukon municipalities. This partnership approach is fostering collective action to address the complex issue of climate change, energy and green economy.

Progress to date includes:

- In 2017, a total of 31 governments and organizations such as Yukon First Nation, transboundary and municipal governments, as well as the Association of Yukon Communities and the Council of Yukon First Nations, were invited to participate in the development of the strategy. Of those, 28 parties participated in the planning and/or the first round of public consultation.



- In fall 2018, public engagement events on climate change, energy and green economy were held in 12 Yukon communities and Inuvik to learn what is important to Yukoners and individuals from transboundary Indigenous groups to address in this new strategy. Close to 300 people participated in these meetings, and we also received 481 responses to our online survey.
- The project team also met with 25 stakeholder groups during the engagement including industry associations, businesses, energy organizations and environmental non-government organizations.
- Since the Standing Committee's last update request in February 2019, research has been completed on the cost effectiveness of greenhouse gas reduction policies, climate change risks to the Government of Yukon, and opportunities to grow Yukon's green economy to inform the content of the strategy.
- With Indigenous and municipal partners, we identified several criteria to prioritize what to include in the strategy, and used these criteria to identify approximately 35 focus areas. Using criteria to prioritize what the strategy should focus on responds to recommendations from the audit.
- The Government of Yukon is working internally with departments to identify actions this government will take to meet the objectives developed with partners.
- Yukon First Nations, transboundary Indigenous groups, and Yukon municipalities have also been invited to identify and include actions to support the strategic objectives.

We expect to complete and release a draft version of the new climate change, energy and green economy strategy for public engagement in late 2019. The Standing Committee on Public Accounts is invited to review the draft strategy at this time. We will then use the input received from the engagement to modify and finalize the strategy in early 2020.

- 2. What is the current status of the risk assessment? What progress has been made in the last year? Was the work to screen all Yukon government departments for climate change risks completed in 2018? Has the analysis of the risk exposure and vulnerability of high risk departments been completed? Is the department on track to complete the report in 2020? What is the target for completion of the report?**

The Government of Yukon is currently working on two different risk assessments to help prioritize its work. The first is a departmental risk assessment to identify climate change impacts that directly and indirectly affect the capacity of the Government of Yukon departments to achieve their objectives, and that may present increasing challenges and financial costs. The second is a Yukon-wide risk and vulnerability assessment.

#### **Yukon government departmental risk assessment**

The Government of Yukon committed in its 2017 Department of Environment mandate letter to "integrate risk assessments and mitigation actions related to climate change in government policies, processes and projects". We also committed to the Office of the Auditor General and the Public Accounts Committee that we would complete this work.

**Current status:**

- The Climate Change Secretariat hired a corporate risk assessment project consultant in March 2018 to complete three phases of work informed by and adherent to standards ISO 31000, the international standard for risk assessments.
- The first phase of work, assessing climate risk, was completed at the end of 2018. This included an analysis of climate exposures and hazards across the Government of Yukon departments and examination of sensitivities of departmental operations and assets to changing climate conditions.
- The second phase of work, an in-depth analysis of hazards, sensitivities, and current risk mitigation practices, is underway with the Department of Community Services as a pilot. We expect this phase of work to be complete by the fall of 2019.
- Based on assessment results, the consultant will work with the Government of Yukon to develop a pilot climate risk reduction plan for Community Services. This will include clear recommendations and an implementation and monitoring plan that can be actioned by relevant branches. Completion date is anticipated for end of 2019.
- This pilot will inform an approach for other departments and risk areas.

**Yukon-wide climate change risk and vulnerability assessment**

The Government of Yukon committed to the Office of the Auditor General and the Public Accounts Committee that we would complete a Yukon-wide risk and vulnerability assessment to help prioritize work.

**Current status:**

- The Climate Change Secretariat commissioned the Northern Climate Exchange at Yukon College, and through them the Ontario Centre for Climate Impacts and Adaptation Research (OCCAR), in a scoping exercise to review methodologies that could be used in a Yukon-wide climate risk and vulnerability assessment. The report was delivered on September 1, 2018. Three general approaches were outlined in the report.
- In summer 2018, federal, provincial and territorial colleagues, through the Canadian Council of Ministers of the Environment, began to discuss and identify project work to develop best practices in conducting climate change risk assessments given that all provinces and territories were directed by the Auditor General to proceed with risk assessments to prioritize work. This Canadian Council of Ministers of the Environment work is anticipated to be completed in early 2020. It is anticipated to explore known approaches using ISO standards and best practices outlined by the Intergovernmental Panel on Climate Change.
- The Government of Yukon worked with the Canadian Council of Ministers of the Environment, and federal, provincial and territorial agencies so that our efforts in this area, together with what we learned from the Northern Climate Exchange report, is well informed and presents the best path forward. We plan to begin developing our own vulnerability and risk assessment plan in early 2020, after the launch of the new climate change, energy and green economy strategy.

- No other provinces or territories except British Columbia have begun their updated risk assessment work in response to their Auditors' General report recommendations. Most are waiting for the results of the collaborative Canadian Council of Ministers of the Environment work to inform their approach.
- Yukon is co-leading the Canadian Council of Ministers of the Environment working group with Environment and Climate Change Canada to ensure that we are fully engaged and among the first to learn the results of the work.

**3. What progress has been made on setting targets and commitments?**

The new climate change, energy and green economy strategy will contain: high-level goals related to climate change, energy and green economy; strategic objectives to reach those goals; and specific actions that will contribute to the strategic objectives (see the response to question 1). Ambitious and achievable targets will be established in the strategy in relation to some of the actions, strategic objectives and/or goals as appropriate to communicate the level of change we are aiming for and to assist with transparent tracking and reporting on progress. These targets are under development and will be included in the draft strategy when it is released for the second phase of public engagement.

The project team is in the process of working with the Government of Yukon departments to identify actions (or commitments) to be included in the strategy on the part of the Government of Yukon.

**4. What progress has been made on assigning timelines to all departmental commitments?**

The Government of Yukon's actions in the new strategy will be supported by clear timelines as well as anticipated costs and greenhouse gas reductions, where relevant.

**5. Which department is currently responsible for leading the new strategy on climate change?**

Development of the strategy is an interdepartmental initiative being led by a Steering Committee comprised of representatives from the departments of Environment, Energy Mines and Resources, and Economic Development.

If you have any questions or wish to discuss further, please do not hesitate to contact me.

Sincerely,



John L. Bailey, PhD  
Deputy Minister, Department of Environment