



Environment Act – Performance Audit

2015-2018

Yukon
Executive Council Office
Government Internal Audit Services

January 2022

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List of Acronyms

CS – Community Services

CGS – Core Geoscience Inc.

COSB – Conservation Officers’ Services Branch

DM – Deputy Minister

EC&I – Environmental Compliance and Inspections

EMO – Emergency Measures Organization

EPA – Environmental Protection & Assessment

EMR – Energy, Mines & Resources

ERM – Enterprise Risk Management

FMO – Fire Marshal’s Office

GIAS – Government Internal Audit Services

HPW – Department of Highways and Public Works

ICT – Information and Communications Technology

IIA – The Institute of Internal Auditors

MOA – Memorandum of Agreement

MOU – Memorandum of Understanding

S&A – Standards and Approvals

YESAA – *Yukon Environmental and Socio-economic Assessment Act*

YG – Yukon Government

1.0 Executive Summary

1.1 Introduction

The Yukon *Environment Act* was enacted in 1991 with the majority of the provisions coming into force in 1992. This audit is the 8th audit since 1997.

Section 39 of the *Environment Act* stipulates that:

(2) The performance of the Government of Yukon in meeting its responsibilities under this Act shall be subject to an audit with respect to its efficiency and fairness.

(3) An audit under subsection (2) shall be conducted by the Commissioner in Executive Council within two years of the date this section comes into force and every three years thereafter.

(4) A report of an audit shall be submitted to the Legislative Assembly.

1.2 Objective

The objective of the audit, as per section 39 (2) of the *Environment Act* (the Act), is to determine the performance of the Department of Environment (“Environment”) in meeting its responsibilities under the Act with respect to efficiency and fairness. Following the practice from past audits, this audit includes equity also as part of efficiency and fairness.

1.3 Conclusion

Government Internal Audit Services (GIAS) reviewed the Environment dashboard prepared under the revised model introduced during the audit for the period 2012-15. Although the dashboard could be a very useful tool for clarity around the performance of the implementation of the Act by the respective departments responsible for and engaged in environmental protection in the territory, the dashboard is neither maintained on a regular basis nor reviewed for monitoring. It is prepared only for the purposes of the audit. The current version of the dashboard is not aligned with operations and as the data required for dashboard is collected manually, it lacks completeness and accuracy.

Significant improvement is required in performance review and monitoring of the *Environment Act* implementation. These requirements include improving the policies and processes around assigning accountabilities for setting performance targets and measures, data collection and management, and reporting to senior management for regular periodic review. Performance targets and measures are quite essential to help Environment to monitor the state of environmental awareness, conservation and improvement in the territory. However, at present, there are very limited performance targets set and as such, the measurement metrics do not allow a meaningful comparison against the corresponding targets to identify the issues or weaknesses requiring remediation. The implementation of the AIMES (Authorization, Inspection, Monitoring and Enforcement System) needs to be completed across the respective departments responsible for *Environment Act* implementation to ensure seamless online updates of the Environment dashboard. These steps will help to enhance the accuracy and

completeness of the dashboard performance metrics and measures, mitigate the issues identified, and provide better information to decision-makers.

1.4 Status of outstanding GIAS recommendations from past audits:

1.4.1 Status of the outstanding GIAS recommendations from the past audits conducted for the periods between 2009 and 2015:

Recommendations	Status
<u>2009-2012 Audit Findings</u>	
1. Environment Yukon, in consultation with departments that hold responsibility under the Act, should periodically review and update MOUs and agreements to ensure their relevancy and collaboration.	Underway. FMO and EPA will continue working on an MOU for the assignment of responsibility for tank inspections, provided executive level support is provided.
3a) Environment Yukon, in consultation with departments, should develop guidelines and standards for managing non-conformance for all proponents to the Act, which would enable consistent practice for EPOs.	Underway. An enforcement and compliance policy has been updated in draft form and is under review. The CSR and Spills Regulation will be replaced by the new Contaminants Regulation, which is currently being drafted.
6) The Yukon Government should consider developing a comprehensive risk-based approach to compliance and enforcement, to optimize the effectiveness and efficiency of inspection activities under the Act.	Underway. A risk-based framework has been implemented and Energy, Mines & Resources (EMR) is completing risk-based inspections. EPA's strategic advisor will work to explore how <i>Environment Act</i> permits are integrated into their risk assessment measures.
<u>2012-2015 Audit Findings</u>	
1. Consider improving the accessibility of the public registry under Sec 114(1) and time taken between identification of a private contaminated site and its posting to the registry.	Underway. The online public registry and online map have been operational since April 2019. A performance measure and target were not found to be in place regarding the time taken between the identification of a private contaminated site and its posting to the registry.
2. Develop tools and mechanisms to collect complete and accurate data, to ensure consistency throughout the process and proper file/record management	Underway. Funding for the Planning Phase of the AIMES system has been approved and the negotiated RFP is being drafted. This is expected to be completed within 2-3 years.

1.5 Summary of main findings

1.5.1 Opportunities to make the Act more efficient.

GIAS noted that the findings from the previous audit report for the period 2012-15, related to making the Act more efficient, were also applicable to this audit. Those findings noted that the following changes were required.

- Amendments to regulations to get the benefits of the changes to the Act in 2014
- Removal of provisions that are not implemented, such as Part 3 (Partnerships) and Part 5 (Integrated Resource Planning and Management)
- Conducting a departmental assessment in lieu of the audit or conducting this audit on a 5-year cycle instead of every 3 years

We also noted that the Yukon Government departments have resources challenge to prioritize drafting of different regulations, which delays the drafting of the *Environment Act* and attendant Regulation amendments.

1.5.2 Opportunities to improve the governance and accountabilities.

- There are no policies and guidelines relating to the roles and accountabilities of the different departments and employees responsible for the implementation of the Act.
- The performance measures and targets for the delivery of the Act need to be reviewed and improved. There are only a few performance targets set and the dashboard metrics need to be aligned with current operations.
- The current dashboard is not updated regularly and is not used to report to senior management.
- The information required for the current dashboard metrics was difficult to collect due to:
 - current operational constraints and limited resources with the Environment department;
 - lack of a central database and information in the individual departmental and branch databases not accessible to other units responsible for the data collection. There are many disparate databases that don't speak to each other on different platforms that are older and difficult to maintain.

1.6 Action taken by Management

- EMR and Environment are working to improve communications and file sharing, along with overall record-keeping. EMR has implemented an enforcement tracking system to share files with Standards and Approvals and is working to implement a similar system for inspections.
- The AIMES system procurement is in progress and will improve file sharing within Environment, as well as overall file management.
- Environment has been digitizing their paper files since 2018, which will improve record management and the ability to make appropriate assessments for risk and actions that need to be taken.
- An online map for the public registry for contamination was launched in April 2019, which has now streamlined the process for Information Requests.

- An evaluation of the Environmental Compliance and Inspection (EC&I) program was completed by Environment management in 2021 to determine whether the current model is the most effective one and what changes should be made. Recommendations are being reviewed and changes will be implemented over the next couple of years.
- EC&I is in the process of reviewing and revising policies and procedures currently in place, which could increase operational efficiency and improve alignment with the Act.

1.7 Recommendations, Management Response and Action Plan

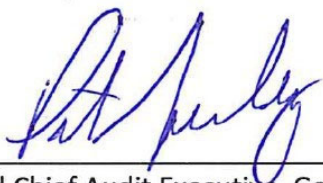
Recommendation	Management Response /Action	Target Date	Position(s) Responsible
1. Policies and guidelines should be implemented to assign accountabilities across departments and sections for the collection, recording, reporting and review of the data relating to Environment Act implementation.	Agree. EPA Branch will begin by reviewing and cataloguing current data collection, recording and reporting methods and policies along with all applicable Memoranda of Agreement and Understanding between Environment and other departments regarding inspections and enforcement. This will determine what is being done, what has been committed to, and what should be done to improve how all data relating to the implementation of the <i>Environment Act</i> is managed. This work will be used to determine if there is a need to amend existing agreements or policies or create new ones to improve how we are managing information. Consideration will be given to what things will look like once AIMES is in use.	December 2023	EPA Strategic Advisor, Director with input from EC&I Manager, FMO and CMI
2. The dashboard metrics, with associated performance targets, should be reviewed and updated to improve alignment with operations and to monitor the performance of the respective departments and ensure that requirements per the Act are met.	Agree. A systematic review of our current approach to the audit (the dashboard) will be undertaken and it will be redesigned to include only parameters where there is value in collecting data and that will provide outputs that contribute best to assessing fairness and efficiency.	December 2023	S&A Manager, EP Analyst with data management portfolio, Manager, Strategic Planning and Evaluation, GIAS.

3. Environment should conduct a regular review of the Environment Act and initiate proposed changes as needed.	Agree. Environment Department will review the Environment Act on a regular basis and propose relevant legislative changes in accordance with Yukon Government procedures.	December 2022	S&A Manager, EPA Director, Strategic Advisor, Policy Branch
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I approve the Management Response and Action Plan



Deputy Minister, Environment



Director and Chief Audit Executive, Government Internal Audit Services

Approved by the Audit Committee on February 14, 2022.

2.0 Background

Environment leads the delivery of the Act with support from other departments. Memoranda of Understanding (MOUs) or Memoranda of Agreement (MOAs) have been established with Energy, Mines and Resources for *Environment Act* permit inspections, with Community Services for recycling responsibilities, and with the Fire Marshall's office for storage tank permitting and inspections pursuant to the *Storage Tank Regulations*.

In 2009, the Department of Environment reviewed the Act in light of the legislative and administrative changes that had occurred over the past twenty years. The Yukon Government amended the *Environment Act* in 2014.

Each audit performed by GIAS since 1997 has included a rigorous assessment of the sections of the Act to ensure that the Yukon Government is meeting its responsibilities in a fair and efficient manner.

The last audit report (covering the period 2012 to 2015) provided recommendations for improvement in data collection and monitoring of performance in implementing the *Environment Act*. GIAS follows up twice per year on the implementation of the management response to these recommendations. The status of management actions is reported to the Audit Committee and Management Board (See Section 1.4 for further details).

3.0 Scope and methodology

3.1 Scope and Approach

Following the audit timeframe as defined in the Act, the most recent audit covered the three-year period from October 1, 2015 to September 30, 2018.

For the *Environment Act* audit for the period 2012-15, GIAS had revised the audit approach to align with the goal of the internal audit adding value. The revision encouraged the Department of Environment to internally monitor the implementation of the Act as part of its accountability to Yukon Government and its mandate. The revised approach provided the opportunity to move away from the simple check-marking of a compliance audit by instead conducting a performance audit, which reviewed the work done within the departments of Environment, Energy, Mines and Resources, and Community Services. Under the revised approach, GIAS requested the Department of Environment provide the measures by which they determine their efficiency, equity and fairness in implementing the Act. GIAS then mapped the Act against this framework (referred to as the 'dashboard') and with this information was able to determine whether the department's performance measures were adequate to provide assurance of the above. Environment would maintain and update the dashboard on a regular basis to review, monitor and report on the performance.

Following the positive management feedback to the revised approach for the audit conducted in the 2012-15 audit, GIAS continued to use that approach of reviewing the dashboard for this audit in 2015-18 cycle.

For the purposes of this audit and consistency from one audit to the next, we define **Efficiency** as: the ability to easily understand and make use of the Act, and to implement it on a consistent basis. **Equity**: the equal treatment of all citizens in a straightforward and reasonable manner. **Fairness**: the application of unbiased and impartial consideration in dealing with citizens or in rendering decisions based on the Act.

3.2 Audit criteria

In order to assess the Department of Environment's performance around implementation and delivery of the *Environment Act*, the criteria used are as follows:

- The Department of Environment performance measures/dashboard used provides the information needed to ensure compliance with the Act in a fair and efficient manner;
- The Department of Environment collects the proper information on a timely basis;
- The Department of Environment uses the performance information dashboard to report to senior management;
- The Department of Environment takes action when the performance measures/dashboard indicates that improvement is needed;
- The Department of Environment provides rationale and/or takes action when the performance measures/dashboard indicates that there is non-compliance;
- The Department of Environment's risk management reflects the risk identified as per the performance measures/dashboard.

The methodology used to assess the department's performance against each of the above criteria is provided in Appendix 1 hereto.

3.3 Testing Methodology

GIAS performed a variety of testing at a confidence level of 80%-90% (with a 10% margin of error). The goal was to review a sample of files to determine accuracy of the information provided, as well as the efficiency, equity, and fairness of individual transactions. The data used to conduct the testing was taken from Environment's own spreadsheets, which were the basis for the dashboard.

3.3.1 New Permits

It was determined that a sample size of 66 files from a population of 377 would be optimal to examine in order to provide assurance of efficiency, equity and fairness. The permit files are primarily located at the office of the Standards & Approval (S&A) section of the Environmental Protection and Assessment Branch at the Department of Environment. S&A permit files are organized by type, e.g. Pesticide Use, Special Waste Relocation, etc. Of the 66 files we tested, 52 were found at the S&A office or provided digitally and 14 were storage tank permits, located at the Community Services Fire Marshall's Office (FMO).

3.3.2 Renewed & Amended Permits

It was determined that a sample size of 74 files from a population of 221 would be optimal to examine in order to provide assurance of efficiency, equity and fairness. The files were a mix of paper and digital files. All files that were chosen as samples were available for review.

3.3.3 Inspections & Enforcement of Permits

It was determined that a sample size of 60 files from a population of 511 would be optimal to examine in order to provide assurance of efficiency, equity, and fairness. EMR only provided 2 of the 38 requested files, resulting in the total sample size being reduced to 26 files. In addition to the paper permit files located at the S&A Section office and digital files provided through a secure login, 2 files were reviewed from EMR, 6 files from the FMO, and 1 file from the Conservation Officer Services Branch (COSB).

3.3.4 Spills

It was determined that a sample size of 62 spill files from a population of 316 spills files would be optimal to examine in order to provide assurance of efficiency, equity, and fairness. The paper files were at Environmental Compliance and Inspections section of the Environmental Protection and Assessment Branch at the Department of Environment. Access to the electronic files was provided through a secure login.

3.3.5 Contaminated Sites

It was determined that a sample size of 38 files from a population of 519 would be optimal to examine in order to provide assurance of efficiency, equity, and fairness. The files were a combination of paper and digital, with the paper files located at the office of the Standards & Approval (S&A) Section of the Environmental Protection and Assessment Branch at the Department of Environment.

3.3.6 Information Requests and Inquiries

It was determined that a sample size of 73 files from a population of 889 would be optimal to examine in order to provide assurance of efficiency, equity and fairness. All available information was tracked in spreadsheets provided by Environment.

3.3.7 Complaints

It was determined that a sample size of 20 files from a population of 35 would be optimal to examine in order to provide assurance of efficiency, equity and fairness. All available information was tracked in spreadsheets provided by Environment.

3.4 Reliance on the work of the Specialists

GIAS does not have the technical expertise required to assess many of the environmental factors. Therefore, GIAS engaged the services of a Whitehorse-based environmental consulting firm, Core Geoscience Services (CGS), to conduct this audit as specialists with their technical expertise in the *Environment Act* provisions and issues. Working with the GIAS team, CGS planned and performed the audit procedures and provided their observations, findings, suggestions, and recommendations. GIAS has relied on the work completed by CGS as specialists and as documented by them in their working papers to review their work and finalize the draft report.

3.5 Limitations

Although GIAS engaged the expertise of CGS as environmental specialists, we were limited by the quality and quantity of the data available and provided. The current year's version is only the second iteration of Department of Environment's dashboard. The dashboard was not maintained between the two audits and lacks alignment with operations. Further, some of the metrics in the first version of the dashboard have undergone changes in the second version. As such, the changes do not allow for a robust trend analysis.

For limitations relating to mapping of the Act and testing performed by CGS, please see sections 4.1 and 4.2 below.

4.0 Observations and findings

4.1 Step One – Mapping of the Act

The mapping of the Act used the dashboard to ensure completeness of performance measures and shows that there are opportunities to make the Act more efficient.

4.1.1 Criteria A: The Department of Environment performance measures/dashboard used provides the information needed to ensure compliance with the Act in a fair and efficient manner (See Appendix 1 for the classification of the criteria).

GIAS conducted mapping of the Act in order to review the second version of the dashboard created by the Department of Environment, ensuring each section of the Act was addressed.

The dashboard metrics for permitting, inspections and enforcement, and spills included all requirements from the Act. However, GIAS found several gaps as noted below.

4.1.1.1 Dashboard Metrics Completeness and Usefulness

Findings

The dashboard is not maintained and reviewed regularly, nor are any summary periodic reports provided to senior management for performance monitoring against set targets.

Risks

If the dashboard is not maintained regularly, there is a risk that it will not reflect the operations and be incomplete. Furthermore, if there is no periodic reporting provided to senior management, there is a risk that no analysis is done to monitor the implementation of the Act.

Impact

Environment might not be performing at the level required by the Act and senior management will not be informed.

Recommendation #1: Policies and guidelines should be implemented to assign roles and responsibilities across departments and sections for the collection, recording, reporting and review of the data relating to *Environment Act* implementation.

Recommendation #2: The dashboard metrics, with associated performance targets, should be reviewed and updated to improve alignment with operations and to monitor the performance of the respective departments and ensure that requirements per the Act are met.

Observations

GIAS noted that there were no policies or guidelines to assign responsibility for collection, recording, management, reporting and review of the data relating to the Act implementation and delivery across the respective departments. The dashboard is primarily created and used by the Standards and Approvals section for the limited purpose of this audit. The dashboard is not maintained and reviewed regularly, nor are any summary periodic reports provided to senior management for performance monitoring against set targets.

Some of the dashboard metrics were found not to reflect the respective aspects of current operations. Some information required by the current dashboard metrics was difficult to obtain given current operational constraints, while other information required by the Act was being tracked with no applicable metric on the dashboard.

- The tracking of all inquiries, as required by the Act, was not feasible due to the volume received. Thus only 2% of total inquiries were tracked for 2015-18.
- Amended permits are already being tracked, as required by the Act, but there is no associated metric in the dashboard.

- Contaminated Sites dashboard metrics were based on the Act, but the formal processes outlined in the Act were found to be rarely used.
- Information requests are expected to be reduced due to the addition of the Contaminated Sites information map. Therefore, the Information Request metrics need to be updated according to the new requests being received.

Gaps were also identified in what was being tracked in the dashboard and what was required by the Act. There was no noted tracking for the closure and post closure processes for Solid Waste Facilities and banned product orders. There were gaps in the tracking of permits, including the number of cancelled or suspended permits. Further, gaps were identified for tracking contaminated sites metrics, including the length of time between identifying a contaminated site and adding it to the Site List.

These discrepancies and gaps limit the usefulness of the dashboard and necessary information may not be tracked appropriately while time is wasted tracking unnecessary information. Because of these discrepancies, it is difficult to adequately assess performance of the implementation of the Act.

Limitations: Because some of the dashboard metrics do not reflect current operations, assessing whether or not improvements in the Department are reflected in the dashboard and vice versa could not be done.

4.1.1.2 Environment Act and Drafting Capacity

Findings

Some provisions of the legislation and regulation are conflicting, vague, or out-of-date due to inability to amend as needed as a result of legislative process and lack of adequate drafting resources.

Risks

There is a risk that there will be a loss of public trust, compliance rates decrease due to difficulty to comply or with perception that legislation is weak, decreased ability to enforce legislation, harm to human health and the environment from weak/outdated legislation.

Impact

Environment might not be performing at the level required by the Act or employees could be inhibited from doing their work efficiently and fairly.

Recommendation #3: The Environment Department should conduct a regular review of the Environment Act and initiate proposed changes as needed.

Observations

All Environment units and branches interviewed noted difficulties with the current legislation and regulations, and a lack of drafting services capacity. There is insufficient drafting services, conflicting regulations, and vague wording.

The previous audit recommended removing Act provisions that were not implemented, such as Part 3 (Partnerships) and Part 5 (Integrated Resource Planning and Management) due to other processes set out in the First Nation Final Agreements and other agreements or legislation. These sections were still found to be included in the Act. Formal processes outlined in the Act for Part 9 (Release of Contaminants) are rarely used and sites with contamination are outlined in the information map. It was also noted that the language specifying the limits of Enforcement and Inspections is not being legally interpreted as was intended when written.

It was observed that amendments to the Environment Act that had previously been drafted have not yet been passed by the legislature. It is suggested that these amendments be considered for the agenda of a future legislative assembly.

The inability to make legislation and regulation changes is limiting Environment's ability to ensure operations are in compliance with the Act and regulations. This increases the risk that some clients may not be in compliance with the Act with the Act and Regulations, or that the legislation is not sufficient to protect human health and the environment due to outdated or vague language and conflicting with other legislation.

4.1.1.3 Information Systems – Centralized Database

Findings

There is no centralized database in place and each unit has their own individual databases where information is not shared between units.

Risks

This increases the risk that the information collected is not complete and/or accurate.

Impact

Environment might not always be able to complete the information processes requiring multiple branches and departments and that decisions made based on incomplete data may not be accurate.

See recommendation #2 for the 2012-15 audit (see section 1.4).

Observations

GIAS noted that there was no centralized database system for Environment. Each unit has their own databases and different units responsible for a single information process do not generally have access to each other's information.

Because there is no centralized system, the dashboard is not regularly maintained and updated automatically and the counts for relevant metrics must be manually tabulated. This limits the dashboard's efficiency and increases the risk of incorrect counts, which could impact trend and risk analysis. This also impedes Environment's ability to fully complete information processes for which multiple branches are responsible and limits the usefulness of the dashboard due to the lack of accuracy, unmanaged files, and incomplete or lost data.

Because the AIMES system has not yet been implemented, as part of the action plan on the recommendation from the 2012-15 audit report, it affects the operations, record keeping, accuracy, and completeness of the dashboard and information to decision makers.

4.1.1.4 Other Observations and Findings

Two sections of the dashboard have incorrect section references. Metric 5.2C references section 133, while the correct section was confirmed to be section 136. Metrics 4.2c – 4.3b reference section 120.1, which does not appear to exist. We suggest that the dashboard be adjusted to include these corrections.

The Act requires an audit every 3 years, which has been performed internally by GIAS up until this point. As resources are limited and GIAS is tasked with many higher-risk projects, this provision to audit may not be the most efficient use of public resources. Furthermore, the N.W.T. Environmental Audit is contracted out every 5 years, whereas Nova Scotia does not have an audit requirement at all: "The Minister shall report periodically to the people of the Province on the state of the environment in the Province [1994-95, c.1, Sec16]."

Limitations: The data collected in the 2012-15 dashboard only covered one year versus the three years of data collected for the 2015-18 dashboard. This limited the use of trend analysis.

Suggestion for Improvement: We suggest consideration be given to amending the audit requirement to either increase the time between audits or eliminate them.

4.2 Step Two – Testing

Findings

The quality and quantity of the data collected, including completeness and accuracy, was inconsistent and information and supporting documentation were not always available.

Risks

This increases the risk of inefficiency of operations, a lack of fairness, and compliance issues.

Impact

Incomplete and inaccurate data might limit the dashboard's value for decision-makers and could result in inaccurate or incomplete assessments and steps taken to address issues which might not be appropriately identified and assessed.

Observations

It was noted that the information collected was not always the same as the information required for the dashboard metrics, so it was difficult to assess if the information tracked was appropriate. Information was often inconsistently collected in that some files had information tracked that other files of the same type did not. Based on interview findings and review of the files, the type of information collected was based on what was needed by the unit to complete the work and what the unit could handle given employee capacity and legislation restrictions, and not based on the requirements of the dashboard.

There were few to no service standard performance targets. As a result, it was difficult to determine if information was collected on a timely basis, was complete as recorded, and was reviewed periodically to identify issues and make improvements.

Limitations: There was insufficient information available to judge whether the risk ranking for permit files was reasonable. It could not be determined whether missing information in the Environment-provided spreadsheets did not apply to those types of permits or was just not collected. EMR only provided 2 files for 38 samples requested, so a complete analysis of EMR files was not possible. Overall, there was insufficient information to assess fairness and equity.

4.2.1 Criteria A& B (See Appendix 1 for the classification of the criteria)

As the dashboard was not maintained regularly and each person responsible to perform the task collects the data and information, and no compilation of the records and analysis were done before the audit, the observations and findings above and below demonstrate that none of the criteria B were met.

Testing Findings

There are 4 categories of data: Permits (New, Renewed & Amended, Inspections/Enforcement), Spills, Contaminated Sites and Other (Information Requests, Inquiries, Complaints).

4.2.1.1 New Permits

Findings

Although response times for permit applications were generally reasonable, discrepancies were noted related to counts and information between the Environment spreadsheets and the dashboard and supporting documents. Some FMO files were also poorly organized.

Risks

This increases the risk of inaccurate, incomplete, or vague data.

Impact

It may not be possible to make complete or accurate assessments of Environment's performance or Environment's ability to react to issues.

Suggestion for Improvement: The requirements of the *Environment Act*, the dashboard and the audit should be clearly communicated to all Environment analysts and applicable personnel in other departments subject to the *Environment Act*, to ensure the required details and files are maintained.

Observations

Response times for permit applications were generally found to be reasonable and rationale was usually provided for unusual response times. The policy for the time between sending the draft permit and sending the finalized signed permit was 5-10 business days, which was generally followed.

There were discrepancies between the file count totals in the Environment-provided spreadsheets and the count totals in the dashboard. This could impact trend analysis or other types of analysis by management and emerging risks may be missed. This could also indicate missing files or poor file management. See the prior recommendation in Section 1.4.

Smaller discrepancies between the Environment spreadsheets and the supporting documents include differences in dates between applications and supporting emails or dates that had gone missing during the transition from paper to digital files. It was also noted that in 3% of the files sampled, the application was not in the file and no explanation was provided as to why.

Many of the files from the FMO included documents related to other files, were misfiled, and did not contain adequate information to assess whether or not they had reasonably met the requirements of the dashboard and the Act. This could make it difficult to assess issues in certain files or provide sufficient information about the file should it be requested by management or if a significant problem related to the file occurs.

Limitations: Three (3) samples for Storage Tanks were missing and could not be reviewed.

4.2.1.2 Renewed & Amended Permits

Findings

Two instances of discrepancies were noted related to counts and information between the Environment spreadsheets and the dashboard and supporting documents. Insufficient supporting documentation was noted in some files.

Risks

This increases the risk of inaccurate, incomplete, or vague data.

Impact

It may not be possible to make complete or accurate assessments of Environment's performance or Environment's ability to react to issues.

See Recommendation #2 in the 2012-15 audit in Section 1.4 and the Suggestion for Improvement in Section 4.2.1.1

Observations

There were two instances of discrepancies between the file count totals in the Environment-provided spreadsheets and the count totals in the dashboard. This could impact trend analysis or other types of analysis by management and emerging risks may be missed. This could also indicate missing files or poor file management. See the prior recommendation in Section 1.4.

There was no metric in the dashboard to track amended permits, despite amended permits being separately tracked from renewed permits. The dashboard total for renewed permits, which was to include both amended and renewed permits, could not be reconciled to the total amended and renewed permits. This could be an indication of missing files or ineffective file management, which could impact Environment's ability to complete the applicable information processes for those files. See the recommendation in 4.1.1.1.

There was insufficient communication documentation in 16% of the samples reviewed that provides support the length of time taken to issue permits. This could impact Environment's ability to react to issues or questions that arise from how long the process takes. See the suggestion for improvement in 4.2.1.1.

Limitations: It could not be determined whether missing information in the Environment-provided spreadsheets did not apply to those types of permits or was just not collected.

4.2.1.3 Inspections & Enforcement of Permits

Findings

Two instances of discrepancies were noted related to counts between the Environment spreadsheets and the dashboard and supporting documents. Insufficient supporting data was collected for several files.

Risks

This increases the risk of inaccurate or incomplete data.

Impact

It may not be possible to make complete or accurate assessments of Environment's performance or Environment's ability to react to issues.

See Recommendation #2 in the 2012-15 audit report in Section 1.4 and the Suggestion in Section 4.2.1.1

Findings

Insufficient employee capacity was found to negatively impact the quality and quantity of data collected.

Risks

This increases the risk of missing information and low quality data.

Impact

This impacts Environment's ability to implement the Act, maintain accurate records, and have efficient operations.

See recommendation #3 in Section 4.1.1.2

Observations

The spreadsheets for inspections and enforcement contained all the information required by the dashboard.

There were two instances of discrepancies between the file count totals in the Environment-provided spreadsheets and the count totals in the dashboard. This could impact trend analysis or other types of analysis by management and emerging risks may be missed. This could also indicate missing files or poor file management. See the prior recommendation in Section 1.4.

In one of the files sampled, it was noted that listed permittee stopped responding and the officer did not continue to pursue the required documentation after it was decided that the file was low-risk and their efforts were better spent on other files. Per the interview findings, this type of response occurred due to limited employee capacity given the volume of work. Insufficient operational capacity can impact the quality of performance and the data collected, as well as the ability to react to issues that arise and non-compliance.

Capacity planning including prioritization of tasks should be done to determine where additional capacity is needed and where there is excess, per the Recommendation in 4.1.1.2.

There was insufficient data in the supporting documents for files from FMO, EMR, and Administration Notice of Non-Compliance files to assess whether they appropriately followed the dashboard metrics. This could impact Environment's ability to perform appropriate risk assessment and to react should improvement be required or issues arise. See the suggestion for improvement in 4.2.1.1.

Information related to warrants, charges, and fines in the Environment spreadsheets was not sufficient to perform a full analysis. It was noted that an enforcement tracking system has been implemented and files are being shared with Environment, which is expected to mitigate this issue.

4.2.1.4 Spills

Findings

A significant number of spills files were not closed due to insufficient employee capacity and limitations in the current information system.

Risks

This increases the risk of poor quality, incomplete, or unreliable data.

Impact

This limits Environment's ability to make complete and accurate assessments and take appropriate actions when issues arise.

See recommendation #2 in 2012-15 audit report and the recommendation #3 in Section 4.1.1.2

Findings

There was no supporting data available for orphan spills files.

Risks

This increases the risk of incomplete or inaccurate data and non-compliance with the Act.

Impact

This limits management's ability to accurately assess compliance and make risk assessments, and then to take the appropriate steps when action is needed.

See recommendation #1 in Section 4.1.1.1.

Observations

In 32% of files sampled, the spill files were not closed and no reasoning was provided. This limits Environment's ability to identify any need for improvement or have a complete risk analysis, as well as to react to any issues that could arise related to those spills. Per the interview findings, this is due to a lack of employee capacity to manage both the volume of work and record management as well as limitations in the current information system. See the recommendations in 4.1.1.2 and recommendation #2 for the 2012-2015 audit in Section 1.4.

It was noted that the quantity of substance reported was provided in 67% of files sampled and the confirmed quantity total was only reported in 14% of the files sampled. Per the interview findings, a process is being implemented as of 2021 to correct this.

There was insufficient information provided for 100% of the orphan spill files sampled, therefore fairness and equity could not be evaluated. No supporting information was provided about the spills, their cause, what activities had been completed to manage the spill, etc. There was also no supporting documentation available for the budgeted court-awarded remuneration totals. This could impact assessment of whether Orphan Spills are in compliance with the *Environment Act* and Environment's ability to perform appropriate risk assessment and determine when to take action or make improvements. See the recommendation in 4.1.1.1.

Limitations: Three descriptors had no information in any of the files; therefore, Duty to Mitigate, EPO Order Issued, and Voluntary Compliance Achieved could not be assessed because the data was missing. Only eight samples selected (14%) had a spill quantity confirmation, so the Above or Below Reportable Quantity could not be sufficiently analyzed. All six samples of Orphan Spills had insufficient supporting documentation, so an assessment could not be made in regard to fairness and equity.

4.2.1.5 Contaminated Sites

Findings

Information identified as required to be tracked, per Environment's spreadsheets, was not collected or appropriately assessed.

Risks

This increases the risk of incomplete data and the possibility of non-compliance with the Act.

Impact

This impedes Environment's ability to make accurate assessments, determine where funding should be spent, and take appropriate actions to respond to issues which may remain unidentified.

See the recommendation #1 in Section 4.1.1.1.

Observations

The spreadsheets for Contaminated Sites contained all the information required by the dashboard.

There were three types of information included in the supporting spreadsheets and the supporting documents that were not appropriately tracked. The Date of Status Change and the Creation Date were provided for 2% of files sampled and the land type was also not provided. If Environment has deemed these important to track but is not tracking them, this could inhibit Environment's ability to react to issues that could arise or perform a full analysis related to these descriptors. See the recommendation in 4.1.1.1.

In 58% of files sampled, the corresponding file numbers for relocation permits, spill occurrences, spill file numbers, etc. were missing. It is expected that this would be resolved with the implementation of a centralized information system in the prior audit recommendation in section 1.4.

In 18% of files sampled, the classification column in the supporting spreadsheets listed "Unknown" rather than Remediated or Contaminated. It is important to know whether a site was still contaminated or deemed remediated in order for Environment to appropriately monitor the site and to understand when to use funding for remediation.

Limitations: 37 of the 38 samples did not have a Date of Status Change or Creation Date reported, so the reasonability related to these could not be assessed.

4.2.1.6 Information Requests and Inquiries

Findings

There were no or few service delivery standards in place. Only a small portion of inquiries received were actually tracked with no policy in place determining which inquiries should be tracked.

Risks

This increases the risk of inefficient operations and incomplete data and delay in responding to inquiries remaining unidentified.

Impact

This impacts management's ability to assess performance and Environment's ability to determine when action needs to be taken and improvements made in internal processes and to be in compliance with the Act.

See the recommendation #2 in Section 4.1.1.1.

Observations

Response times for information requests were generally found to be reasonable and rationale was usually provided for unusual response times. The spreadsheets for both Inquiries and Information Requests contained all the information required by the dashboard.

Discrepancies between the supporting spreadsheets and the supporting documents for Information Requests were found in regards to dates, names, and addresses in 17% of files sampled. It is suggested that the preparer double-check the accuracy of the company names and addresses, as well as dates, after subsequent file updates.

There were no service delivery standards for either Information Requests or Inquiries, so it was difficult to determine which files took an unreasonably long time to fully address. Performance targets would improve Environment's ability to determine when action needs to be taken and improvements made in internal processes, as well as to be in compliance with the Act. Targets would also provide senior management with quantified data supporting how Environment is performing for planning purposes and risk analysis. See recommendation #2 in 4.1.1.1.

Only 77 inquiries were tracked of the total 2,688 inquiries received. It could not be determined how the inquiries that were tracked were selected and what criteria was used to determine that. Inquiries meeting the criteria for tracking may be missed as there does not appear to be a specific policy outlining those criteria. See the recommendation #1 in 4.1.1.1.

Limitations: No files, paper or digital, were available for Information Requests for 2015. Only 77 inquiries were tracked compared to the 2,688 total inquiries received. Therefore, a complete analysis could not be done for these two areas.

4.2.1.7 Complaints

Findings

There were no or few service delivery standards in place for timely response to complaints and outcome.

Risks

This increases the risk of inefficient operations and complaints remaining unattended or delayed.

Impact

This impacts management's ability to assess performance and Environment's ability to determine when action needs to be taken and improvements made in internal processes.

See the recommendation #2 in Section 4.1.1.1.

Findings

There was insufficient employee capacity given the volume of work.

Risks

This increases the risk of low quality and incomplete or inaccurate data.

Impact

This impacts Environment's ability to assess and react to issues and non-compliance with the Act.

See recommendation #3 in Section 4.1.1.2.

Observations

There were few service delivery standards, so it was difficult to determine which files took an unreasonably long time to close. Performance targets would improve Environment's ability to determine when action needs to be taken and improvements made in internal processes and to be in compliance with the Act. Targets would also provide senior management with quantified data supporting how Environment is doing for planning purposes and risk analysis. See the recommendation #2 in 4.1.1.1.

Per the Interviews, it was noted that there was insufficient employee capacity for the volume of complaints received. This impacts the quality of performance and the information collected, as well as the ability to react to issues and non-compliance. See recommendation #3 in 4.1.1.2.

Limitation: In 19 of the 20 samples tested, there was insufficient information available to determine if responses to the complaints were consistent with the two-day response policy. Request from Deputy Minister complaints were not tracked, so an assessment of this could not be made.

5.0 Conclusion

During the course of the audit, it was found that Environment employees are doing the best they can to implement the Act given current operating constraints. These constraints include siloed databases where information is not easily shared among branches and units, limited employee capacity for the volume of work, staff turnover, and legislation and regulation drafting and amendment restrictions.

The department needs to improve their governance and/or oversight. There were few performance metrics and targets implemented for operations to determine what success looks like, where

improvements need to be made, and what action needs to be taken. There was inconsistency in the data collected, with little accountability for performance.

6.0 Appendix A

Audit Criteria	Methodology
<p>A.</p> <ul style="list-style-type: none"> • The Department of Environment performance measures/dashboard used provides the information needed to ensure compliance with the Act on a fair and efficient manner 	<p>Mapping of Act against the dashboard, Analysis, Testing & Interviews</p>
<p>B.</p> <ul style="list-style-type: none"> • The Department of Environment collects the proper information on a timely basis; • The Department of Environment uses the performance information dashboard to report to senior management; • The Department of Environment takes action when the performance measures/dashboard indicates that improvement is needed; • The Department of Environment provides rationale and/or takes action when the performance measures/dashboard indicates that there is non-compliance; • The Department of Environment's risk management reflects the risk identified as per the performance measures/dashboard. 	<p>Analysis, Testing & Interviews</p>
<p>*The Auditee reviewed and accepted the suitability of the criteria used in the audit.</p>	