



## **Status Report of the Auditor General of Canada to the Yukon Legislative Assembly—2012**

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**Office of the Auditor General of Canada  
Bureau du vérificateur général du Canada**

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OAG-BVG

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Auditor General of Canada  
Vérificateur général du Canada

To the Honourable Speaker of the Yukon Legislative Assembly:

I have the honour to transmit herewith my Status Report to the Yukon Legislative Assembly in accordance with the provisions of section 35 of the *Yukon Act*. This Report follows up on the government's progress on commitments made in response to selected observations and recommendations from audit reports tabled between 2002 and 2009.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Michael Ferguson'.

Michael Ferguson, FCA

OTTAWA, 14 June 2012



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## Main Points

### What we examined

The Office of the Auditor General of Canada has conducted performance audits in a number of departments, territorial corporations, and government organizations in the Yukon. This audit examines their progress in addressing the observations and recommendations made in selected performance audit reports. Specifically, we examined progress made in response to our 2002 audit of the workers' compensation system that mainly involved the Yukon Workers' Compensation Health and Safety Board and our 2007 audit of the Department of Highways and Public Works transportation capital program and property management. We also examined the status of our 2009 recommendation to the Department of Education on building inspections. The Department's progress is discussed with respect to building inspections in general in the section of this report on the Department of Highways and Public Works.

We also looked at progress made since 2007 by the Government of Yukon and, in particular, the Executive Council Office, in the areas of strategic planning, risk management, and performance measurement.

This report is our first status report on the Government's progress in responding to our previous observations and recommendations.

Whether we consider progress to be satisfactory or unsatisfactory depends on a combination of factors, including the length of time the organization has had to implement a recommendation, the difficulty of implementing it, and the potential impact of not implementing it.

Audit work for this report was completed on 9 March 2012. More details on the conduct of the audit are in **About the Audit** at the end of this report.

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### Why it's important

Transportation infrastructure, workers' compensation, and the condition of public buildings including schools have a significant impact on the lives of Yukon citizens. The activities we looked at in our original audits now account for over \$300 million in annual spending and over \$1 billion in assets. It is important that the Legislative Assembly be informed as to whether the Government has made satisfactory progress in response to our audits of these major activities.

### What we found

- The Department of Highways and Public Works has made satisfactory progress overall since our 2007 audit considering the number of issues originally identified, and that some progress has been made on all issues. Its management and monitoring of capital projects have improved, with more projects completed on time and within budget. The condition of highways and bridges has improved. However, to date only a small percentage of buildings has been inspected, and significant issues—including health and safety issues—have been uncovered. We have been advised that follow-up action has already taken place or is planned for the end of the 2012–13 fiscal year. Finally, while the Department has a plan to move from leasing to owning space, it has continued to rely on expensive, short-term leases.
- The Yukon Workers' Compensation Health and Safety Board (YWCHSB) has made satisfactory progress overall in responding to our 2002 audit. The Yukon Legislative Assembly enacted amendments proposed by the Minister to improve the accountability of the Board of Directors and the President. Additional policies and procedures for processing and managing claims have been implemented. The YWCHSB developed a prevention strategy; it has also updated most of its *Occupational Health and Safety Regulations*. However, many high-risk employers still do not have required occupational health and safety programs. Finally, the Compensation Fund is fully funded and is managed in accordance with the *Financial Administration Act* and the YWCHSB's Investment and Funding policies.
- The Executive Council Office (ECO) has made satisfactory progress overall in providing departments and territorial corporations with direction and guidance on developing strategic plans. The Department of Highways and Public Works is responsible for leading the government-wide implementation of enterprise risk management, with some support from the ECO, and has developed an enterprise risk management model and guidelines for departments. A lack of performance information persists, with

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little reference to outcomes or achievements, few meaningful indicators, and a lack of targets.

***The entities have responded.*** *The entities agree with our recommendations. Their detailed responses follow the recommendations throughout the report.*



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## Introduction

1. The Office of the Auditor General of Canada conducts annual performance audits of the Government of Yukon. This is our first follow-up audit. For the Legislative Assembly and citizens of Yukon, this report provides an update on progress made by departments and territorial organizations in responding to our selected observations and recommendations on key issues in three of our previous performance audits:

- Transportation Capital Program and Property Management—Department of Highways and Public Works, February 2007;
- Public Schools and Advanced Education—Yukon Department of Education, recommendation on building inspections, January 2009; and
- Report on the Yukon Workers' Compensation System, September 2002.

### Focus of the audit

2. The report covers the Department of Highways and Public Works transportation capital program and property management; the Department of Education with respect to building inspections; the Yukon Workers' Compensation Health and Safety Board; and the Executive Council Office in cooperation with the Department of Highways and Public Works, and their respective responsibilities in the areas of strategic planning, risk management, and performance measurement. The Summary of Progress at the end of this report lists the selected recommendations from these three performance audit reports tabled in the Yukon Legislative Assembly between 2002 and 2009 and our rating of progress on each.

3. The rating depends on a combination of factors, including the length of time the organization has had to implement a recommendation, the difficulty of implementing it, and the potential impact of not implementing it. A satisfactory rating does not necessarily mean that the underlying issue has been resolved. We have made additional recommendations in this report on matters that involved new audit work, unresolved health and safety issues, or issues on which there has been a significant lack of progress.

4. More details about the audit objectives, scope, approach, and criteria are in **About the Audit** at the end of this report.

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## Observations and Recommendations

### Department of Highways and Public Works

5. The Government of Yukon's Department of Highways and Public Works is responsible for ensuring that transportation infrastructure in the territory is safe and efficient. It is also responsible for planning and acquiring building space, and providing other property management services to meet the needs of client departments.

6. In the 2010–11 fiscal year, the Department spent about \$102 million to develop, construct, and maintain the territory's transportation infrastructure. This consisted of 4,808 kilometres of highways and roads, 128 bridges, 12 airports, 17 airstrips, and 2 ferries. This infrastructure is under the responsibility of the Department's Transportation Division, which had a staff of about 350 full-time equivalents (FTEs) at the time of our audit in 2011.

7. The Department spent about \$51 million managing the development, operation, and maintenance of 485 government-owned buildings, 68 leased buildings, and 34 fee-for-service buildings. These are under the responsibility of the Department's Property Management Division, which had a staff of about 200 FTEs in 2011.

8. We identified four issues from our 2007 audit report to look at in our follow-up audit. We reviewed progress achieved by the Department in the areas of

- capital project management,
- the condition of highways and bridges,
- the inspection of government-occupied buildings, and
- office space planning.

#### Capital project management shows signs of improvement

9. The Department of Highways and Public Works manages numerous capital projects for transportation infrastructure and building development, including highway reconstruction, bridge rehabilitation, and construction of housing and storage facilities. It is important to apply sound project management practices and adhere to the Government of Yukon's Project Planning and Implementation Directive to help ensure that projects are completed according to specified requirements, on schedule, and within budget, and that they have the necessary approvals.

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**10.** We examined whether senior managers at the Department of Highways and Public Works receive information that allows them to monitor the performance of projects and make informed decisions. We found that senior management receives information to monitor project performance and has taken steps to improve information management. In 2010, the Department launched a new Project Information System, which is expected to be completed by July 2012. This web-based system should allow project scheduling to be integrated, and should help to ensure that deliverables and milestones are met during project planning and delivery. In May 2010, the Government of Yukon's **Management Board** approved an updated Project Planning and Implementation Directive.

**11.** In our 2007 audit, we recommended that the Department adhere to the Project Planning and Implementation Directive. This directive outlines procedures for planning and implementing transportation infrastructure and building development projects to ensure that projects are completed according to specified requirements, on schedule, and within the target total cost. Adherence to the directive includes ensuring that

- contracts are signed before work begins,
- files contain proper documentation,
- appropriate review and control points exist to manage the projects, and
- completed projects are reviewed.

**12.** In response to our 2007 recommendations, the Department committed to

- signing contracts expeditiously after award letters are issued;
- introducing system enhancements to better identify environmental and regulatory approvals; and
- reviewing completed projects, subject to available resources.

**13.** In our follow-up audit, we examined 10 transportation infrastructure projects and 9 building development projects to determine whether the Department had followed through on its commitments. These represented significant projects completed or nearing completion during the 2010–11 fiscal year.

**14. Transportation projects.** The 10 transportation infrastructure projects we examined are comparable to the projects we assessed in our 2007 audit. We examined whether the Department had improved its project management by assessing whether the 10 projects were

- completed within budget (actual costs were less or no more than 5 percent over the original targeted cost for projects),
- completed on time (substantial completion date was within two weeks of original completion date), and
- awarded to a contractor for a bid below the original cost estimate (provides an indication that cost estimates reflect market conditions and that approved project costs are reasonable).

We found improvement in all three elements (Exhibit 1).

**Exhibit 1 The Department has improved its management of the transportation infrastructure projects we examined**

Element	Previous Audit* (2007)	Current Audit**
Within budget	22% (2 out of 9 projects)	90% (9 out of 10 projects)
On time	10% (1 out of 10 projects)	80% (8 out of 10 projects)
Successful bid below cost estimate	42% (5 out of 12 projects)	90% (9 out of 10 projects)

Notes: \*For the 2007 audit, 13 projects were reviewed: 8 completed, 4 ongoing, and 1 suspended project. The number of projects varied from one element to another, as not all projects were in the same state of completion.

\*\*For the current audit, 10 projects were reviewed (all completed).

**15.** We also found the following:

- In every case, the project file contained a completed environmental assessment but lacked a regulatory checklist. As a result, it is not clear whether all environmental and regulatory requirements were met and acted upon to mitigate environmental effects. One project (Campbell Highway reconstruction km 55–60) was delayed because of a late approval under the *Yukon Environmental and Socio-economic Assessment Act*.
- For one project (Klondike Highway culvert replacement km 342), work had started before the contract was signed.
- For one project (Pelly River Bridge repainting), the lowest bid of \$4.5 million was about \$2 million more than the original cost estimate.

Finally, formal project reviews were required as part of the Project Planning and Implementation Directive for two projects, but none were completed. The purpose of the review is to evaluate whether projects followed appropriate procedures, observed economy and efficiency, and achieved their objectives. The review is also intended to evaluate the performance of project managers and to develop recommendations for planning and controlling similar projects.

**16. Building development projects.** The nine building development projects we examined are comparable to the projects we assessed in our 2007 audit. We examined whether the Department had made improvements in its project management by assessing whether the nine projects were within budget, on time, and awarded to a contractor for a bid below the original cost estimate (Exhibit 2). We found improvement in all three elements.

**17.** We also found the following:

- For five of the projects, the files contained completed environmental assessments, but all projects lacked regulatory checklists or environmental assessment registers.
- Formal project reviews had not been done for any of the projects.
- To meet funding requirements and the schedules and milestones specified under Canada’s Economic Action Plan, four projects did not follow or fully comply with Management Board approval requirements and processes.

**Exhibit 2 The Department has improved its project management of building development projects for the projects we examined**

Element	Previous Audit* (2007)	Current Audit**
Within budget	0% (0 out of 5 projects)	75% (6 out of 8 projects)
On time	25% (2 out of 8 projects)	100% (9 out of 9 projects)
Successful bid below cost estimate	43% (3 out of 7 projects)	75% (6 out of 8 projects)

Notes: \*For the 2007 audit, 8 projects were reviewed: 5 completed, 2 ongoing, and 1 in design phase. The number of projects varied from one element to another, as not all projects were in the same state of completion.

\*\*For the current audit, 9 projects were reviewed (all completed). The number of projects varied from one element to another, as the costs were not finalized for 1 project at the time of our audit, and 1 project used a standing offer process rather than a bidding process.

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**18. In summary.** The Department of Highways and Public Works has shown satisfactory progress in managing and monitoring capital projects (see Summary of Progress, sections A-1 and A-2). Based on the projects we examined, the Department has improved its ability to complete projects on time and within budget. Reports are being produced and systems are under development to facilitate the process for planning and delivering projects.

### **The condition of highways and bridges has improved**

**19.** The Department of Highways and Public Works is responsible for ensuring that Yukon's highways, bridges, and airstrips are safe and efficient. These assets are especially important in sparsely populated Yukon, where long distances separate communities.

**20.** In our 2007 audit report, we recommended that effective capital maintenance and replacement programs be established for highways and bridges to ensure that the integrity of transportation assets is maintained according to established standards. In order to determine if there has been progress on this specific recommendation, we reviewed the condition reports produced by the Department's asset management systems. The reports describe the relative condition of highways and bridges.

**21. Highways.** The Department maintains 309 kilometres of paved highways, 1,930 kilometres of roads with **bituminous surface treatment**, and 2,569 kilometres of gravel roads. It uses a pavement condition index (PCI) to determine the condition of paved roads in the Yukon highway network each year. The index runs from 0 to 100. Highways with a PCI of less than 55 likely require extensive, costly repairs. The acceptable PCI value set by the Department is 63.

**22.** In our follow-up audit, we found that the Department assessed the condition of its highways to have improved since our 2007 audit but that more still needed to be done. A PCI value of 63 has been established as the limit below which rehabilitative action needs to be taken. The percentage of highways with a PCI value of greater than 63 has improved from 15 percent in 2005 to 47 percent in 2010. At the same rate of improvement achieved in this five-year period, it would still take over eight years for all highways to have a PCI value of at least 63, and then only if no substantial degradation occurs on highways with higher PCI values during that period. From 2005 to 2010, the percentage of highways with a PCI below 55 (likely requiring extensive repair) fell from about 51 percent to 31 percent of all highways in Yukon.

**Bituminous surface treatment**—A single application of well-graded stone aggregate applied directly to an asphalt film and sprayed on the road surface.

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**23. Bridges.** The Department uses a bridge sufficiency rating (BSR) as a numerical measure to assess the condition of each bridge, based on the amount of distress found during inspection. The rating runs from 0 to 100, with the optimum being 65 or higher. Bridges with ratings below 50 are considered in need of repair at the earliest opportunity because avoiding or delaying the repair work further deteriorates the structure and ultimately results in higher costs. According to the Department, the minimum acceptance rating of 50 does not mean that the bridge is unsafe for traffic, but is a benchmark against which the level of service to the public and the management of the infrastructure can be assessed from year to year. Each bridge is inspected every two years. There are currently 128 bridges, 70 of them on primary highways and 58 on secondary highways.

**24.** We found that the Department assessed the condition of its bridges to have improved since our 2007 audit but that further improvement was needed to achieve the Department's targets. The percentage of bridges with an optimal BSR value of greater than 65 rose from 19 percent of Yukon's bridges in 2003 to 35 percent in 2010. The Department's target is to have 80 percent of bridges rated 65 or higher. At the improvement rate achieved since 2003, it could still take over 20 years to reach the target, especially given that bridges deteriorate gradually over their life span. The percentage of bridges below the minimum acceptable BSR value of 50 declined from about 22 percent in 2003 to 12 percent in 2010. The Department also has a target to have no bridges rated below the acceptable rating of 50. The Department has worked on or has plans to work on 11 of the 15 bridges rated below 50.

**25. In summary.** Based on condition reports, the Department of Highways and Public Works has made satisfactory progress in improving the condition of highways and bridges since our last audit (see Summary of Progress, section A-3). Nevertheless, further efforts will be needed to achieve the Department's overall target levels.

#### **Building inspections have begun, and significant problems have been uncovered**

**26.** The Property Management Division of the Department of Highways and Public Works is responsible for maintaining buildings and for providing operation and maintenance services for all buildings, including structural, mechanical, and electrical systems. There are 485 government-owned buildings as of January 2012.

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**27.** The Government of Yukon approved an updated Building and Equipment Maintenance Policy in May 2010. The Department has custody and control of government-owned commercial buildings that are used as offices or warehouses. Other departments have custody and control of special-purpose buildings such as schools. According to the policy, a department that has custody and control of a building is responsible for funding all capital repairs and improvements to it.

**28.** In our 2007 audit report, we noted that up-to-date information on the condition of all government-owned buildings was not available, that building inspections were not carried out consistently, and that no established inspection standards existed. The Department committed to establishing guidelines and standards for building inspections. The Department stated that once the inspections were piloted and proven, it would inspect all government-owned buildings within five years.

**29.** As part of the audit of the Department of Education that we conducted in 2009, we again emphasized the need for departments to know the condition of their buildings. In addition, we recommended that the Department of Education work with the Department of Highways and Public Works to conduct regular and comprehensive facility audits. These audits would ensure that major building deficiencies would be identified. The Department of Education advised us that it had completed roof inspections and committed to undertaking independent assessments of all schools on a system-by-system basis (for example, mechanical or electrical systems).

**30.** In this follow-up audit, we confirmed that in 2008 an external architectural and consulting firm had conducted roof inspections on 17 education buildings (15 schools and 2 other buildings). The estimated costs of immediate and future repairs to the roofs totalled \$2.7 million (see Summary of Progress, section C-1).

**31.** In addition, we found that between January 2010 and March 2011, the Department of Highways and Public Works conducted building inspections on 29 education and 7 non-education buildings. Inspections identified repair costs totalling \$38.3 million.

**32.** For the 29 education buildings (27 schools and 2 other education buildings), the Department identified repair costs estimated at \$28.4 million. Of the total, \$7.4 million was for mandatory and immediate repairs, including items related to health and safety. Furthermore, building assessments found that 17 buildings were in good condition, 11 in fair condition, and 1 in poor condition. The Department recommended seismic evaluations, structural assessments,

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and asbestos investigation or testing, among other recommendations. The Department advised us that it will conduct some of the seismic evaluations in 2012.

**33.** The Department's inspections of the seven non-education buildings found required repairs estimated at \$9.9 million. Of the total, \$1.3 million was for mandatory and immediate repairs, including items related to health and safety. Three buildings were assessed to be in good condition, two in fair condition, and two in poor condition.

**34.** In view of the serious nature of the findings related to health and safety risks, we sent a letter to the Deputy Minister of Education and the Deputy Minister of Highways and Public Works in November 2011. We outlined our concerns about the mandatory and immediate action items noted in the building inspections. After the two departments reviewed the inspection reports, they advised us of discrepancies in the status, priority, and cost of several of the recommended items. The departments are working together to develop a plan to address the necessary work to be carried out. They have advised us that some of these health and safety issues have been addressed and that they plan to complete the remainder by the end of the 2012–13 fiscal year.

**35.** Under the current policy, it is unclear which of the two departments is responsible for funding and carrying out inspections of education buildings as well as funding, prioritizing, and remediating deficiencies identified in the inspections. In addition, the Department of Highways and Public Works has indicated the need for a review of the current requirement to maintain buildings to the standard of original construction.

**36.** The Department of Highways and Public Works has inspected only 36 out of 485 government-owned buildings, or 7.4 percent of the total. It took approximately 1 year to perform these inspections. At this rate, it would take over 12 years to complete inspections of all 485 buildings.

**37.** In summary, the Department of Highways and Public Works has made unsatisfactory progress since our last audit in 2007 (see Summary of Progress, section A-4). The Department completed few building inspections, and these identified significant repair costs. Given the relatively small number of inspections to date, much work remains to be done to complete comprehensive inspections of all buildings within a reasonable time frame. With respect to the school and other building inspections completed, the departments have advised us that follow-up

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on some mandatory and immediate health- and safety-related issues has been completed. The remaining issues are planned to be addressed by the end of the 2012–13 fiscal year.

**38. Recommendation.** The Government of Yukon should review the Building and Equipment Maintenance Policy to

- clarify the roles and responsibilities of the Department of Highways and Public Works and other departments for funding and carrying out building inspections, as well as for funding, prioritizing, and addressing deficiencies once they have been identified; and
- establish an appropriate standard for maintaining buildings.

*The Government's response.* Agreed. The Department has developed and implemented a new approach to working with client departments to prioritize building maintenance projects and will work with the Interdepartmental Working Group for space and facility management in the coming year to clarify roles and responsibilities and revisit building maintenance standards. Any proposed changes to the existing policy that may arise from this exercise will be presented to the Deputy Ministers' Review Committee and, if that committee so directs, to Cabinet for approval.

**39. Recommendation.** The Department of Highways and Public Works should establish a schedule to conduct regular, comprehensive inspections and follow-ups of all government buildings within a reasonable time frame. It should take corrective action as soon as possible on mandatory and immediate repairs identified in the inspections, especially if they are related to health and safety concerns.

*The Department's response.* Agreed. The Department will establish requirements for inspection of the various types of facilities it manages within the coming year. The Department is continuing to implement improvements in tracking the scheduling and completion of work orders to improve the management and reporting of priority repairs. The Department is committed to proactively addressing health and safety concerns in government facilities and to promptly attending to high-priority repairs identified in inspections.

**The Department has made little progress on how it leases office space**

**40.** The Department of Highways and Public Works is responsible for identifying and recommending to the Deputy Ministers' Space Committee overall space allocations for all departments. Other responsibilities of the Department include

- developing and maintaining a facilities inventory system,

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- determining space allocations in all departments,
  - assessing the capital and operational costs associated with implementing the annual office space plan,
  - recommending annual office space plans to the Deputy Ministers' Space Committee, and
  - responding to departmental space plans and requests.

41. The Deputy Ministers' Space Committee is responsible for prioritizing capital projects (renovation, lease, or new construction) according to departmental priorities, reviewing the annual office space plan, and referring the plan to the Management Board with the Committee's recommendation for final approval. The Committee reports annually to the Management Board on implementation of the Office Space Allocation Directive. The report, to be prepared by the Department, is to indicate non-compliance by any department with the requirements of the directive. The Committee and the Minister of Highways and Public Works are to review and approve the report.

42. Finally, departments are responsible for identifying current and future staffing levels annually, with a five-year planning horizon. They are also responsible for initiating project requests for acquiring or reducing space, assessing or studying the need for space, and modifying occupied space.

43. **Master plan for office space.** In 2007, we recommended that the Department of Highways and Public Works complete a master plan for providing accommodations based on standards applicable to all departments. Long-range plans could then be developed and implemented to maximize use of existing space and determine the best approach for acquiring additional space. The Department committed to completing this master plan by September 2007 to address current issues and long-term needs.

44. Also in 2007, we noted the need for policies and procedures to guide staff in acquiring space. The Department committed to developing a strategy, guidelines, and procedures. The procedures would call for each decision related to office space to be documented as a business case. Also, any submission to the Management Board for acquiring space would need to include an analysis of available options. In our follow-up audit, we found that the Department had met its commitment to develop strategies, guidelines, and procedures to support the master plan.

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- In May 2010, the Management Board approved the master plan. The following month, the Deputy Ministers' Space Committee approved a planning strategy. The strategy prioritizes the 27 accommodation strategies outlined in the master plan.
  - At the same time, the Management Board approved the Office Space Allocation Directive, which outlines roles and responsibilities as well as procedures for annual planning of office space.
  - In 2008, the Department developed the Space Standards and Allocation Guidelines. These guidelines set out principles, procedures, and standards for managing office space. They also provide templates for preparing business cases and analyzing options.

**45.** The goal of the master plan is to provide a cost-effective, equitable, and efficient approach to meeting the future needs of the Government of Yukon for office space. In the plan, the Department analyzed seven selected buildings; this indicated that the cost of leasing was three to eight times higher than the cost of owning. With annual lease costs in the millions of dollars, savings by moving from leasing to owning buildings could be substantial. Despite adopting the plan and its overall strategy of moving to an ownership model, the government has not acquired any additional office space since 2007, with the sole exception of office space in the new nurses' residence at Whitehorse General Hospital.

**46.** In addition, we found that annual office space plans for both the 2011–12 and 2012–13 fiscal years have been reviewed and approved by the Deputy Minister's Space Committee. Recently, the Committee forwarded the Department's recommendations about the plans to the Management Board Secretariat for consideration. Annual office space plan submissions for the 2012–13 planning year have not been provided by one department and three territorial corporations, even though they were due by March 2011. Annual reports on lease arrangements were approved by the Committee in March 2011 for both fiscal years. Finally, the Committee has yet to report to the Management Board on the implementation of the Office Space Allocation Directive.

**47.** We also found that while there is a listing of government-owned space, the departments and corporations did not identify all space used by their respective work units. As a result, the Department is not able to determine the difference between use of existing space and future requirements.

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**48. Lease management practices.** The Government of Yukon's Contracting Directive requires bids or proposals before entering into a contract. One exception allowed is to extend a property's existing lease. The Directive also stipulates that the Management Board give advance approval for any contract with a term of more than three years, including renewal provisions.

**49.** In 2007, we noted the tendency to lease space rather than construct government-owned buildings. Many leases were tendered on a sole-source basis, and most extended the occupancy of an already leased property. Most leases were also extended for a period of three years or less, with the result that Management Board approval was not required. Short-term leases are generally more costly than long-term leases. We recommended that the Department ensure that leasing activities are carried out in a fair, fiscally responsible, accountable, open, and competitive manner.

**50.** In our follow-up audit, we found that the Department of Highways and Public Works manages leases for 68 facilities, of which 44 are in Whitehorse, with an annual cost of \$12.8 million. Based on our analysis, we found that 86 percent of the leases were for terms of three years or less (Exhibit 3). Moreover, the approved Whitehorse lease plan for the 2011–12 and 2012–13 fiscal years identified 20 leases for possible purchase options or extensions beyond three years. Nonetheless, for 5 out of those 20 leases that expired between March 2010 and June 2011, each was still extended for only a three-year term or less.

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**Exhibit 3 Most leases as at June 2011 were for three years or less**

Term	Percentage of total leases
3 years or under	86%
Between 3 and 10 years	5%
Over 10 years	9%
<b>Total</b>	<b>100%</b>

**51.** Based on a review of 30 leases entered into between April 2010 and May 2011, we found that every lease entered into during that period was for a term of three years or less. We also found that the Government of Yukon's online Contract Registry provided incomplete information on leases. In addition, files for only 2 leases contained formal documentation showing an analysis of alternatives. Finally, as in our 2007 audit, a vast majority of leases (28 out of 30 in the current

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audit) were sole-sourced. On 31 January 2012, the Deputy Ministers' Space Committee approved pursuing the Department's recommendations to terminate 5 leases by purchasing the existing property or building a new one. These terminations are subject to Management Board approval and agreement by the landlords in question.

**52. In summary.** The Department's progress is considered unsatisfactory with respect to space planning and leasing (see Summary of Progress, sections A-5 and A-6). The Department of Highways and Public Works has made some progress by developing a master plan for office space, a related strategy, and other guidance. However, the Department has not yet implemented them. The gap between existing use and future requirements remains unknown. Leasing continues to follow past practices, with renewal terms of three years or less and sole-sourcing in almost all cases. As a result, the Department is likely overpaying for accommodation. It is our view that developing a transition strategy would help the Department move from its current lease arrangements to long-range purchasing plans.

**53. Recommendation.** The Department of Highways and Public Works should implement its master plan for office space and related strategy to provide an economical, long-term approach to accommodation. Depending on feasibility and cost-effectiveness, long-range plans should consider opportunities for building or buying rather than leasing facilities, as recommended in the plan.

*The Department's response.* Agreed. The Department will continue to implement the master plan and strategy with a view to improving long-term portfolio management to meet government's facility and accommodation requirements. The Department will also work with its clients and with other central agencies in 2012–13 to improve processes for identifying future space needs.

**54. Recommendation.** The Department should determine the difference between existing office space and future requirements, and work toward obtaining the required space.

*The Department's response.* Agreed. The Department is continuing to invest in system improvements that will assist in space planning. As departments complete their strategic planning exercises and develop five-year plans, the Property Management Division will assist in defining associated space needs. The combination of analysis of the existing portfolio and emergent needs will be used to produce updates on the master plan for office space.

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### **The Department has made satisfactory progress overall**

55. Overall, the Department of Highways and Public Works has made satisfactory progress since our 2007 audit, when considering the number of issues originally identified, and that some progress has been made on all issues. Improvements were found in the Department's key activities relating to transportation infrastructure and building development. It has improved its management and monitoring of capital projects: more projects are completed on time and within budget, and reports and systems are in place or under development to facilitate project management. The condition of highways and bridges has improved. However, inspections have been performed on only 7.4 percent of buildings and have uncovered many items that require immediate attention, including health- and safety-related issues. We were advised that follow-up action was completed on some health- and safety-related issues, with the remaining issues planned to be addressed by the end of the 2012–13 fiscal year. Finally, the Department has a master plan and strategy to move from leasing to owning office space, but it has acquired little new space and has continued to rely on expensive, short-term leases. The Department has yet to determine the difference between existing space and future requirements.

### **Yukon Workers' Compensation Health and Safety Board**

56. The Yukon Workers' Compensation Health and Safety Board (YWCHSB) administers the Compensation Fund, which was established by the *Workers' Compensation Act*. In 2010, the YWCHSB employed about 70 full-time equivalents in its workforce. The Fund provides compensation for injury or accidental death arising out of and in the course of employment. Employers pay annual assessment premiums that are determined by applying their industry assessment rate to their actual or estimated payrolls for the year. Assessment and investment revenues cover all claims, administration, and prevention expenses. The YWCHSB is also responsible for administering the *Occupational Health and Safety Act* and Regulations to advance strategies for preventing workplace injuries in the territory.

57. At the end of 2010, the Compensation Fund covered 20,900 workers, and nearly 3,200 employers paid assessment premiums. During that year, Yukon workers filed 1,230 claims for workers' compensation, and about 87 percent of them were accepted as valid. Of the valid claims, 58 percent entailed no loss of time from work beyond the day of the accident; they were either claims for minor injuries or injuries that entitled the worker to financial compensation without requiring time away from work.

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58. In addition to the YWCHSB, other parties in the Yukon workers' compensation system are the Workers' Compensation Appeal Tribunal and the Workers' Advocate. The Appeal Tribunal is an independent body that deals with appeals of claims decisions made by the YWCHSB. The Workers' Advocate provides advice to workers and assists them with their claims for compensation. Other stakeholders include employers, workers, medical practitioners, providers of health assistance services, and the Government of Yukon.

59. In our follow-up audit, we reviewed progress made by the YWCHSB in four areas discussed in our September 2002 report:

- accountability and reporting relationships,
- claims management,
- the *Occupational Health and Safety Act* and Regulations, and
- management of the Compensation Fund.

#### **Accountability issues have been addressed**

60. A sound governance framework ensures that an organization can carry out its mandate and objectives effectively. Governance refers to the process and structure used to oversee the management of an organization and the direction it is taking. In 2002, we recommended that the Minister responsible for the YWCHSB consider proposing legislative amendments to

- provide for public interest representation on the Board of Directors of the YWCHSB;
- remove the requirement that the Chair of the Workers' Compensation Appeal Tribunal be a member of the Board of Directors, but require that representatives of the Appeal Tribunal and the Board of Directors meet regularly; and
- require that the President report only to the Board of Directors and not to the Minister.

61. In our follow-up audit, we examined the submission by stakeholders and the YWCHSB to the **Workers' Compensation Act Review Panel**. We found that the submission considered, but ultimately did not recommend, public representation on the Board of Directors. Public interest representation would have created a tripartite Board of Directors, which would have avoided voting deadlocks that could affect the Chair's neutrality by forcing the Chair to vote to break the deadlock. With just the two main stakeholder groups represented on the Board of Directors (employers and workers),

**Workers' Compensation Act Review Panel**—  
A panel formed in 2002 to consult with stakeholders and make recommendations for amendments to the *Workers' Compensation Act*.

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the Chair needs to remain neutral so as not to appear to favour either group. According to its Governance Guide, the Board of Directors will operate on the basis of consensus, and the Chair is a non-voting member of this Board. This addresses the issue of public representation on the Board of Directors.

**62.** Following our 2002 audit, in 2008 the Yukon Legislative Assembly amended the *Workers' Compensation Act*. Section 98(1) no longer requires the Chair of the Appeal Tribunal to be an appointed member of the Board of Directors. The President of the YWCHSB and the Chair of the Appeal Tribunal meet regularly.

**63.** Amendments to the *Workers' Compensation Act* have also established the President's accountability to the Board of Directors, which in turn is accountable to the Minister. Sections 116(1) and (6) of the Act outline the Board of Directors' responsibility for hiring and dismissing the President. The 2008 amendments added section 100(2), which clearly makes the President responsible and accountable solely to the Board of Directors.

**64.** In summary, the legislative amendments we suggested in 2002 were fully considered and completed. The YWCHSB has therefore made satisfactory progress in addressing the accountability issues identified in our previous audit (see Summary of Progress, section B-1).

### **Claims management has improved**

**65. Time limitations for reviews and appeals of decisions.**

The *Workers' Compensation Act* and YWCHSB policies govern the adjudication of claims for compensation. Claims adjudication is a key activity of the YWCHSB. A claims adjudicator first considers the merits of a claim for compensation and decides whether it is valid. A worker or employer may request that a hearing officer review the adjudicator's decision and may also appeal the hearing officer's decision to the Appeal Tribunal. The worker may appeal the adjudicator's decision directly to the Tribunal when a suspension, reduction, or termination of benefits is involved.

**66.** In our 2002 audit report, we recommended legislative amendments to limit the time period for filing requests for reviews and appeals of decisions. In our follow-up audit, we found that the Legislative Assembly amended section 52 of the *Workers' Compensation Act* in 2008, limiting the period for review and appeal to 24 months from the decision date.

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**67. A quality assurance program for claims adjudication.**

A quality assurance program for claims adjudication is important to help minimize adjudication errors. Such a program would involve the review of high-risk claims before a final adjudication decision, as well as a random review of other claims by individuals outside the regular adjudication process. Quality control processes can also be carried out by more senior staff for specific types of claims or random reviews of claims. These programs and procedures help ensure sound decision making in accordance with legislation and established policies and procedures.

**68.** In our 2002 audit report, we noted that claims expenses had increased from \$9.1 million in 1998 to nearly \$17.5 million in 2001. Except for YWCHSB policies, there were few directives or established procedures for investigating and adjudicating claims. We recommended that the YWCHSB adopt a quality assurance program. Such a program would include documenting processes, establishing standards, developing checklists, and conducting internal and external audits. The YWCHSB committed to reviewing the claims processes and developing detailed procedures and guidelines.

**69.** In our follow-up audit, we found that claims expenses have decreased from a high of \$29.5 million in 2002 to \$15.9 million in 2010. The YWCHSB has instituted additional quality control processes since 2002 and has documented policies and procedures in place for claims adjudication. We have also been advised by the YWCHSB that any claims for lost time involving more than three months of benefits are now re-examined by the claims branch, and all fatality claims are reviewed by the President. Special investigators have been engaged since 2007 to review claims; as a result, several claims have been either suspended or reversed, with some financial recoveries. In 2011, the YWCHSB conducted file audits on out-of-territory and out-of-country claim files to determine if files were being managed and dealt with according to legislation and policy. Out-of-territory wage rates were also reviewed to ensure accuracy of wage rates used for compensation payments. The YWCHSB advised us that it is confident that the claims quality assurance processes in place are adequate for an organization of its size, given the numbers of employers currently operating and of workers injured in Yukon.

**70. In summary.** The Yukon Workers' Compensation Health and Safety Board has made satisfactory progress by establishing claim appeal periods and by adopting additional policies and procedures for claims adjudication (see Summary of Progress, sections B-2 and B-3).

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**Improvements have been made in occupational health and safety, but many high-risk employers do not have safety programs**

**71.** Prevention is the key to reducing the number of workplace accidents. It involves ensuring that employers and workers in an industry comply with applicable occupational health and safety regulations and safety practices. In addition to enforcing regulations and standards, the YWCHSB attempts to work in cooperation with employers, using education to help them develop safety awareness programs, policies, and procedures.

**72.** Under Yukon's *Occupational Health and Safety Act* and Regulations, the YWCHSB carries out accident prevention activities, education, work site inspections, and accident investigations. In 2010, the YWCHSB's Occupational Health and Safety branch had a 10-person staff and spent \$690,000 on prevention activities. The number of employers covered by the YWCHSB has increased, from 2,300 in 2002 to about 3,200 in 2010. This represents a rise of 39 percent.

**73.** In our 2002 audit report, we recommended that the YWCHSB conduct a risk assessment to determine the appropriate level of prevention effort and that it develop performance targets for achieving that level. We also stated that the YWCHSB should finish updating occupational health and safety regulations and present the regulations for approval by the Commissioner in Executive Council. Finally, we noted that the YWCHSB should ensure that employers have safety programs, as required, and ensure that employers effectively operate these safety programs.

**74. Prevention strategy and targets.** In our follow-up audit, we found that the YWCHSB is aware of worker safety risks and is making efforts to reduce them. To support its 2006–2010 strategic plan, the YWCHSB developed a prevention strategy, which included a results-based framework, strategic intents, recommendations, and measures to allow for an ongoing assessment of its prevention effort. Subsequently, the 2012–16 strategic plan identified growth in the high-risk sectors of mining and construction. This growth required an increase in occupational health and safety field staff to mitigate these risks. The YWCHSB's target rate for lost time claims (the lost time claims for injured workers as a rate per 100 covered workers) is 1.0 and the actual rate has declined from 3.0 in 2002 to 2.2 in 2010—the lowest in nine years.

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**75. Occupational Health and Safety Regulations.** In our 2002 audit report, we noted that the *Occupational Health and Safety Regulations* were 16 years old and needed to be updated. Since our last audit, we found that updates to 17 of 22 sets of Regulations came into effect in 2006. Five other sets—the *Occupational Health Regulations*, *Minimum First Aid Regulations*, *Commercial Diving Regulations*, *Radiation Protection Regulations*, and *Workplace Hazardous Materials Information System Regulations*—are still in effect but have not been updated since the 1980s. Updates have been drafted to the *Minimum First Aid Regulations*, and for the remaining four sets of regulations, the YWCHSB plans to complete updates between 2013 and 2015. In summary, more than three quarters of the regulations have been updated since our previous audit.

**76. Occupational health and safety programs.** A key feature of the *Occupational Health and Safety Act* is that it requires any employer to have an occupational health and safety program if it has 20 or more workers in high-risk industries or if, in the YWCHSB's opinion, employees face higher risk of injury due to workplace hazards. While the program is the employer's responsibility, the YWCHSB must monitor compliance with the Act in order to prevent workplace injuries to the extent possible. In our 2002 audit report, we noted that the YWCHSB estimated there were 90 such employers in Yukon and only 15 had an occupational health and safety program.

**77.** In our follow-up audit, we found that the YWCHSB used data from several years to generate a list of high-risk employers. Between October 2009 and June 2011, it contacted 102 of 104 high-risk employers. Of these, only 44 had occupational health and safety programs in place, which still leaves a majority of high-risk employers without a program in place.

**78.** In our 2002 audit report, we also noted that YWCHSB had no specific guidelines on how to establish an occupational health and safety program and had no plans to audit these programs. Recently, industry groups have been moving toward more widespread certification, for which an employer must have an occupational health and safety program in place. For example, certification under the Certificate of Recognition (COR) program is required for employers that perform contract work for the Government of Yukon, the City of Whitehorse, and the Yukon Energy Corporation. Employers must have their safety programs audited before they can be certified under the COR program or the Small Employer Certificate of Recognition program. The audits are performed by third parties rather than the YWCHSB, which signs off on every COR audit before the certification

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is granted. In conclusion, there are now guidelines and procedures in place for establishing and auditing occupational health and safety programs.

**79.** In 2007, the YWCHSB ordered the Government of Yukon—Yukon’s largest employer, with 4,150 employees representing 21 percent of the total employed labour force—to have its safety management practices audited. Based on the results of that audit, the government was ordered in August 2008 to implement a comprehensive safety management system. An action plan outlined in the audit report noted that it would take up to two years to implement its recommendations. The government has still not complied with this order. The YWCHSB continues to monitor the government’s progress, and it has also seconded staff to the Public Service Commission to assist with this task. It should be noted that two areas of the Government of Yukon are already COR-certified: the YWCHSB itself and the Transportation Maintenance Branch of the Department of Highways and Public Works.

**80. In summary.** The YWCHSB has developed a prevention strategy and focused resources to mitigate risks in key areas. It has also updated 77 percent of its *Occupational Health and Safety Regulations* since our previous audit. More work is needed to ensure that high-risk employers have an occupational health and safety program in place as required. However, certification guidelines and procedures now exist to establish and audit such programs. Accordingly, overall progress on prevention has been satisfactory (see Summary of Progress, section B-4).

**81. Recommendation.** Greater efforts should be made to ensure that occupational health and safety programs are in place for all employers required to have them under the *Occupational Health and Safety Act*.

**The Yukon Workers’ Compensation Health and Safety Board’s response.** *Agreed. Occupational health and safety programs are essential to preventing disability in high-risk and larger workplaces. Efforts are under way in this area aimed at achieving a Certificate of Recognition, or the equivalent, for 250 employers by 2016. Our new occupational health and safety computer system will facilitate compliance tracking while a focus on occupational health and safety programs is part of our annual work plans, derived from the 2012–2016 Strategic Plan—Preventing Disability.*

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**82. Recommendation.** The Yukon Workers' Compensation Health and Safety Board should continue to work in cooperation with the Government of Yukon—the territory's largest employer—to ensure that the government has a comprehensive safety management system in place as soon as possible.

***The Yukon Workers' Compensation Health and Safety Board's response.*** *Agreed. The Yukon Workers' Compensation Health and Safety Board will continue to support and monitor the efforts of the Government of Yukon in meeting the safety management system order. Efforts will also be focused on compliance with the Occupational Health and Safety Act and Regulations at the departmental level.*

**The Compensation Fund is fully funded and managed according to applicable policies and legislation, and main risks are being addressed**

**83. Fund management.** Revenue for the Compensation Fund comes primarily from annual assessment premiums levied on employers, based on their reported assessable payrolls. The assessment premiums plus the Fund's investment income pay the costs of all claims for work-related injury and accidental death. The Fund also pays for accident-prevention activities and administration costs.

**84.** *The Workers' Compensation Act* states that the receipt and payment of money by the YWCHSB is subject to Yukon's *Financial Administration Act*. The YWCHSB is required to make investments according to an investment policy approved by the Commissioner in Executive Council, and its investments must not be used to create a high-risk portfolio. The Compensation Fund is considered fully funded when there are sufficient funds for the payment of all present and future compensation, as well as the cost of administration.

**85.** In 2002, we examined investment returns, assessment and subsidy levels, and administrative costs. We recommended that the YWCHSB demonstrate to stakeholders that it was managing its operations economically, efficiently, and effectively. In our follow-up audit, we found that the Compensation Fund was fully funded, rate subsidies had been removed, and the Fund complied with the *Financial Administration Act* and the YWCHSB's Investment and Funding policies.

**86.** At the end of December 2010, the Fund's total assets were about \$161.8 million, including \$149.7 million in investments. Offsetting the assets, the Fund had a benefits liability for future claim payments of \$115.3 million and other liabilities of \$5.2 million, leaving

\$41.3 million in reserves. The existence of the reserves indicates that the Compensation Fund is fully funded.

87. In 2010, the Fund had revenues of about \$30.9 million from assessment premiums and about \$10.7 million from investments and other income sources. The assessment rates levied since 2009 reflect the true current and future costs of the compensation system; rate subsidies have been completely removed. Again in 2010, the Fund had claims expenses of about \$15.9 million, administration costs of about \$10.3 million, and prevention expenses of about \$0.7 million (Exhibit 4). The result was a net income of \$14.7 million for the Fund in 2010.

**Exhibit 4 The Compensation Fund experienced a considerable increase in its assets, benefits liability, and income between 2002 and 2010**

Assets and Liabilities (\$ millions)	2002	2010
Investments	\$128.9	\$149.7
Other Assets	\$4.6	\$12.1
<b>Total Assets</b>	<b>\$133.5</b>	<b>\$161.8</b>
Benefits Liability	\$95.0	\$115.3
Other Liabilities	\$3.4	\$5.2
Reserves	\$35.1	\$41.3
<b>Total Liabilities and Reserves</b>	<b>\$133.5</b>	<b>\$161.8</b>

Revenues and Expenses (\$ millions)	2002	2010
Assessments	\$7.8	\$30.9
Investments	\$4.6	\$9.9
Other Revenues	\$0.4	\$0.8
<b>Total Revenues</b>	<b>\$12.8</b>	<b>\$41.6</b>
Claims Expenses	\$29.5	\$15.9
Administration and Prevention	\$7.7	\$11.0
<b>Total Expenses</b>	<b>\$37.2</b>	<b>\$26.9</b>
<b>Income / (Deficit)</b>	<b>(\$24.4)</b>	<b>\$14.7</b>

Sources: Yukon Workers' Compensation Health and Safety Board 2002 and 2010 Annual Report financial statements

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88. The most recent audit of the Compensation Fund's financial statements during our period of examination was for the year ended 31 December 2010. We found that the YWCHSB was in compliance with the *Financial Administration Act* with respect to the receipt and payment of money. The YWCHSB was also in compliance with its Investment Policy, approved in November 2008. The Fund was monitored through quarterly reports on performance, investment manager evaluations, and compliance. These reports indicated that investment criteria in the Investment Policy, such as asset mixes and investment constraints, were being met.

89. We also found that, as defined by the Funding Policy, the Compensation Fund was fully funded from 2002 to 2010, as indicated by existing reserves. The Fund was managed according to the policy. From 2002 to 2010, net income increased significantly because of increases in assessment revenue and decreases in claims expenses. Some fluctuations in the operating surplus occurred from year to year as changes in the economic climate affected investment income.

90. **Risk management.** We recommended in 2002 that the YWCHSB put in place an overall risk management program. We found that while no formal documented program exists, the YWCHSB is addressing its two main risks, the prevention of workplace injuries and investment risk, by developing related policies and strategies. Its annual and strategic plans also identify other overall risks to the YWCHSB, and it advises that a revised annual risk review process is being developed to link the strategic plans with business plans. The YWCHSB could also link mitigation strategies for the risks it has identified as well as monitor the impact of these strategies.

91. **In summary.** The YWCHSB has complied with the *Financial Administration Act* and its Investment and Funding policies. The YWCHSB has made satisfactory progress in managing the Compensation Fund and in addressing risk management (see Summary of Progress, sections B-5 and B-6).

**The Yukon Workers' Compensation Health and Safety Board has made satisfactory progress overall**

92. Overall, the YWCHSB has made satisfactory progress in responding to our 2002 audit. The Yukon Legislative Assembly enacted amendments to the *Workers' Compensation Act* proposed by the Minister to improve the accountability of its Board of Directors and President. The YWCHSB established claims appeal periods and adopted additional policies and procedures for processing and

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managing claims. With respect to occupational health and safety, the YWCHSB developed a prevention strategy and updated most of its regulations associated with the *Occupational Health and Safety Act*. Certification guidelines and procedures now exist to establish and audit occupational health and safety programs, but more work is needed to ensure that high-risk employers have these programs in place as required. Finally, the YWCHSB is addressing its main risks, and the Compensation Fund is fully funded and managed in accordance with the *Financial Administration Act* and the YWCHSB's Investment and Funding policies.

**Strategic planning,  
risk management, and  
performance measurement**

**93.** Since 2007, several of our performance audits have recommended improvements in three areas: strategic planning, risk identification and management, and performance measurement and reporting. Government of Yukon departments and territorial corporations have committed to improving their performance in these areas. In our follow-up audit, we examined progress made by the Executive Council Office (ECO), government departments, and those territorial corporations that are subject to government requirements for undertaking these initiatives. These specific corporations are the Yukon Housing Corporation, Yukon Liquor Corporation, and Yukon Lottery Commission (hereafter referred to simply as the corporations).

**94.** Under the ECO's leadership and with its support, all departments and the corporations are responsible for ensuring that they have processes in place for strategic planning and for incorporating the elements of risk management and performance measurement that they have developed into their plans. Under the leadership of the Department of Highways and Public Works, all departments and the corporations are responsible for implementing **enterprise risk management**.

**The Departments and corporations have developed and are improving their strategic plans**

**95.** Strategic planning is an important management tool for any organization. It involves setting priorities, establishing goals, and defining how the organization intends to meet these goals. A strategic plan helps an organization allocate resources effectively and provides scope for adjusting direction in response to a changing environment. Our previous performance audits of the Government of Yukon departments and corporations found that there was a need to improve strategic planning by having complete and comprehensive long-term

**Enterprise risk management**—Refers to the adoption of risk management *throughout* the organization and the management of risk: not only in conventional hazard categories, but the full spectrum of strategic, operational, and administrative risk.

Source: Adapted from the Government of Yukon Enterprise Risk Management Guideline

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strategic plans. We therefore made recommendations that long-term strategic plans be developed that include specific measurable goals and objectives.

**96.** In 2006, the Government of Yukon's Deputy Ministers' Review Committee directed all departments to produce standard annual plans for the 2007–08 fiscal year. In 2009, acting on recommendations from an interdepartmental strategic planning working group, the Committee directed all departments and the corporations to shift from annual plans to multi-year strategic plans with a section on annual progress. The ECO chairs the working group, provides direction to departments and the corporations on timelines for submitting plans, and serves as a resource for corporate information. The working group has also developed and delivered training on strategic planning. The departments and the corporations are responsible for developing strategic plans within a corporate standard through the use of templates, developed by the ECO, to create a standard approach.

**97.** In our follow-up audit, we reviewed the strategic and annual plans of 14 government departments and the corporations to determine whether they were using the templates or had plans with elements consistent with the templates. We found that 12 of the 14 departments voluntarily used the corporate standard template for their 2011–16 strategic plans, and 13 of the 14 departments used the template for their 2011–12 annual plans. The strategic planning templates will be mandatory for all departments and corporations for the 2012–13 fiscal year.

**98.** The templates provide for consistent articulation of three elements:

- vision, mission, and values;
- strategic context; and
- goals, objectives, and strategies.

The corporations also used the templates to develop their strategic plans and were able to develop all three elements within their plans.

**99.** Before the templates were introduced, some departments were already producing multi-year strategic plans. The Department of Health and Social Services prepared a strategic plan for the 2009–14 period. The Department of Education also prepared a strategic plan for 2011–16, which included consultation with key partners and the public, thus allowing for broader input and consensus building.

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**100.** Nine departments have conducted strategic planning exercises thus far; the remaining five departments and three corporations are required to perform similar exercises by the 2012–13 fiscal year. The exercises are intended to inform the development of strategic plans.

**101.** In summary, we found that efforts by the ECO have resulted in satisfactory progress in the development and consistency of strategic plans for Government of Yukon departments and the corporations. Deadlines are in place to ensure that all entities use the mandatory templates and that all remaining strategic planning exercises are carried out for the 2012–13 fiscal year.

### **The government has conducted some risk assessment**

**102.** Adopting formal risk management activities enables an organization to be aware of risks and require management to document how to address risks within a level appropriate to the organization's operations. In some of our previous performance audits of the Government of Yukon, we found that risks were identified informally—on an ad hoc basis or at a project level—but not as part of an integrated risk management plan. If risks are not formally identified, it is difficult to determine whether an organization is aware of all the critical and potential risks needing to be managed. In our previous audits, we recommended that organizations develop integrated risk management plans to identify, assess, and mitigate risks, and that they incorporate risk management into day-to-day operations.

**103.** In our follow-up audit, we found that departments and corporations are still planning their approaches to risk management, and the government does not have an overall risk management policy in place. The Department of Highways and Public Works is responsible for leading the implementation of enterprise risk management across the government. The ECO is responsible only for ensuring that there is a relationship between strategic planning and strategies for enterprise risk management.

**104.** The Department developed a model for enterprise risk management based on the International Organization for Standardization ISO 31000 standard on risk management principles and guidelines. A risk management framework was developed along with guiding principles, guidelines, the process itself, and templates for preparing risk documents. Between April 2010 and August 2011, training on risk management was developed and delivered to 10 different departments. However, the risk management effort is still in the planning stages and has yet to be approved as a corporate approach.

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**105.** While preparing documents that identify and mitigate corporate risks was not part of the ECO's requirements for strategic planning by the 2012–13 fiscal year, we found that 7 of 14 departments had prepared such documents. We also found that 3 departments and 1 corporation provided risk assessments for their strategic goals or priorities in their strategic plans.

**106.** In summary, we found that efforts by the Department of Highways and Public Works, with the support of the Executive Council Office, have resulted in satisfactory progress on the development of risk management capacity within most Government of Yukon departments and territorial corporations. The Department has developed a risk management framework, guidelines, and templates, and training has been delivered. Some departments have prepared risk profiles and mitigation strategies, even though they are not yet mandatory. More work needs to be done as risk assessments are generally not prepared for strategic goals or priorities, and integrated risk management plans are still not in place. (See our recommendation at paragraph 112.)

#### **Performance information is lacking**

**107.** Corporate management, boards of directors, governments, and legislative assemblies use performance information to determine the extent to which expected results have been achieved. Our previous performance audits found little reference to outcomes or achievements, few meaningful performance indicators, and a lack of targets. To address these gaps, we recommended that organizations

- define key outcomes for their programs,
- develop indicators to track achievement of these outcomes,
- establish targets with timelines for these indicators, and
- monitor and report progress in meeting these targets.

**108.** The interdepartmental working group chaired by the ECO has supported the incremental adoption of performance measures and related indicators as part of the strategic planning templates. It has developed a guide on monitoring, evaluating, and reporting on strategic plans and has coordinated a workshop on performance measurement. The ECO has advised us that it is developing a long-term training plan to enhance capacity in this area.

**109.** In our follow-up audit, we reviewed the strategic plans for 14 departments and 3 territorial corporations. Although not a mandatory requirement, performance indicators were included in the

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plans of 5 of 14 departments and 1 of 3 corporations. In a similar review of the three annual reports (one department and two corporations), we observed that none had identified desired outcomes, related indicators, and targets. As a result, they could not compare actual performance against planned performance.

**110.** As we conducted the audit, we noted the positive efforts made by the Yukon Workers' Compensation Health and Safety Board to monitor and report on performance using a scorecard. In addition, the Department of Education has recently implemented an electronic student information system to facilitate the management and tracking of student academic performance.

**111.** Nevertheless, we found that effective performance measurement and reporting have yet to be established by most Government of Yukon departments and territorial corporations. Consequently, progress on performance measurement and reporting has been unsatisfactory for the Government of Yukon overall.

**112. Recommendation.** Government departments and the Yukon Housing Corporation, Yukon Liquor Corporation, and Yukon Lottery Commission, with the guidance of the Executive Council Office and the Department of Highways and Public Works, should

- develop and implement a mandatory integrated risk management approach for identification and monitoring of risks and mitigation strategies, as well as integration of risk management into structures and processes for day-to-day decision making;
- measure key results achieved in relation to established targets to support results-based management; and
- communicate annually the extent to which planned results have been achieved, and provide relevant contextual information, explanations for variance from targets, and plans to address identified variances.

*The Executive Council Office's and Department's response.* Agreed. The Department of Highways and Public Works has developed and is implementing an integrated risk management approach across government. It is examining options for integrating risk management into structures and processes for day-to-day decision making.

*In keeping with the departmental planning initiative endorsed by the Deputy Ministers' Review Committee in 2006 and the subsequent endorsement of the development of strategic plans, government departments, Yukon Housing Corporation, Yukon Liquor Corporation, and the Yukon Lottery*

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*Commission are to provide performance measurements in their 2012–13 strategic plans. In support of the adoption of performance measures, the interdepartmental committee chaired by the Executive Council Office has provided a guide on monitoring, evaluation, and reporting and coordinated a performance measurement training workshop. The ongoing development and articulation of performance measurements will involve the process of steady improvement, supported by training and other capacity development initiatives, and will be overseen by the Deputy Ministers' Review Committee.*

*With respect to annual reporting, deputies, including the President of the Yukon Housing Corporation and the Yukon Liquor Corporation, are currently responsible for reporting annually to the Premier on the extent to which planned results have been achieved. In keeping with the ongoing improvements made in reporting, current reports include reporting on the status of initiatives and any mitigating circumstances with respect to those delayed or not yet under way. The Deputy Ministers' Review Committee, with guidance from the Executive Council Office, will consider the above recommendations to determine whether additional components are needed for the 2012–13 year-end reports.*

**The Executive Council Office and Department of Highways and Public Works have made satisfactory progress**

**113.** Overall, the Executive Council Office has made satisfactory progress in providing government departments and three territorial corporations with direction and guidance on developing strategic plans. Templates and proposed mandatory compliance will result in a consistent, complete, and standardized approach for the plans. The Department of Highways and Public Works is responsible for leading the implementation of enterprise risk management across the government with some support from the ECO. The Department has developed a model for enterprise risk management and guidelines for departments. Progress is satisfactory, given that the process is in its early stages. However, efforts could be strengthened by introducing a mandatory integrated risk management approach. Performance information continues to be lacking: there is little reference to outcomes or achievements, few meaningful indicators, and a lack of targets.

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## Conclusion

**114.** In our follow-up audit of the Government of Yukon's performance, we found that progress was satisfactory in implementing most of the recommendations selected for follow-up, with unsatisfactory progress in some areas:

- The Department of Highways and Public Works has made satisfactory progress overall in the management of capital projects and the condition of transportation infrastructure. Improvements are still needed in the areas of space planning, leases, and building inspections.
- The Yukon Workers' Compensation Health and Safety Board has made satisfactory progress overall with respect to accountability issues and legislative amendments, and the management of the Compensation Fund. It has also improved claims management and prevention, and has updated the *Occupational Health and Safety Regulations*.
- The Executive Council Office (and the Government of Yukon as a whole) has made satisfactory progress overall and specifically on strategic planning. Progress on risk management is satisfactory with the support of the Department of Highways and Public Works, given that the process is in its early stages. However, more work needs to be done to integrate risk management into the management of day-to-day operations. In the area of performance measurement, we found progress to be unsatisfactory.

**115.** In areas where we found unsatisfactory progress—or where progress was satisfactory but more work needs to be done to fully implement our previous recommendations—we have developed updated recommendations. Organizations need to develop detailed action plans to address these recommendations.

## Summary of Progress

The following table includes our assessment of progress against our recommendation from previous audit reports. Our rating of progress depends on a combination of factors, including the length of time the organization has had to implement a recommendation, the difficulty of implementing it, and the potential impact of not implementing it.

A rating of “satisfactory” indicates that progress is satisfactory, given the significance and complexity of the issue and the time that has elapsed since the recommendation was made.

A rating of “unsatisfactory” indicates that progress is unsatisfactory, given the significance and complexity of the issue and the time that has elapsed since the recommendation was made.

Recommendation	Rating
<b>A. Transportation Capital Program and Property Management— Department of Highways and Public Works, February 2007</b>	
<p>A-1. The Department of Highways and Public Works should adhere to the government directive for planning and implementing transportation infrastructure projects to ensure that projects are completed according to specified requirements, on schedule, and within the target total cost.</p> <p>In implementing transportation infrastructure projects, the Department should</p> <ul style="list-style-type: none"> <li>• ensure that professional service contracts are signed before work begins;</li> <li>• ensure that proper documentation is on file, such as a checklist, to identify that all environmental and regulatory requirements are met and acted upon to mitigate environmental impacts of a project; and</li> <li>• conduct the required review of completed projects to evaluate whether it has followed appropriate procedures, observed economy and efficiency, and met the objectives for the projects. (Recommendation, paragraph 37, February 2007)</li> </ul>	<b>Satisfactory</b>

Recommendation	Rating
<p>A-2. The Department of Highways and Public Works should adhere to the government directive for planning and implementing building development projects to ensure that projects are completed according to specified requirements, on schedule, and within the target total cost.</p> <p>The Department should ensure that its procedures manual reflects current practices, and it should provide appropriate training and guidance to staff.</p> <p>In implementing building development projects, the Department should</p> <ul style="list-style-type: none"> <li>• prepare a project plan or project brief that includes a statement of objectives and clearly defines roles, responsibilities, accountability, implementation approach, detailed budgets, and controls;</li> <li>• establish appropriate review and control points to ensure that the project will be completed on schedule and within the target total cost;</li> <li>• ensure compliance with environmental assessment requirements;</li> <li>• ensure that professional service contracts are signed before work begins; and</li> <li>• conduct the required review of completed projects to evaluate whether it has followed appropriate procedures, observed economy and efficiency, and met the objectives for the project. (Recommendation, paragraph 59, February 2007)</li> </ul>	<b>Satisfactory</b>
<p>A-3. The Department of Highways and Public Works should establish effective capital maintenance and replacement programs for highways and bridges to ensure that the integrity of transportation assets is maintained. The Department should ensure that highways and bridges meet established standards. (Recommendation, paragraph 26, February 2007)</p>	<b>Satisfactory</b>
<p>A-4. The Department of Highways and Public Works should have regular building inspections and facility audits, based on established standards and carried out by appropriately trained technical staff, to compile the information needed to develop a long-term building maintenance plan.</p> <p>The Department should work cooperatively with program departments to ensure that all buildings occupied by departments are in good condition and adequately maintained to minimize problems and unexpected repair costs. (Recommendation, paragraph 81, February 2007)</p>	<b>Unsatisfactory</b>

Recommendation	Rating
<p>A-5. The Department of Highways and Public Works should complete a master space plan to lay out a long-term approach to providing accommodation based on standards applicable to all departments.</p> <p>The Department should develop and implement long-range plans for building space to maximize the use of existing space and to recommend whether to build, buy, or lease as the best option for acquiring additional space. (Recommendation, paragraph 43, February 2007)</p>	<b>Unsatisfactory</b>
<p>A-6. The Department of Highways and Public Works should establish policies and procedures to guide its staff in acquiring space.</p> <p>The Department should ensure that leasing activities are carried out in a fair, fiscally responsible, accountable, open, and competitive manner.</p> <p>The Department should also ensure that decisions to acquire space are properly documented and supported by adequate cost-benefit and option analyses. (Recommendation, paragraph 72, February 2007)</p>	<b>Unsatisfactory</b>
<b>B. Report on the Yukon Workers' Compensation System, September 2002</b>	
<p>B-1. The Minister may wish to consider proposing legislative amendments to</p> <ul style="list-style-type: none"> <li>• provide for public interest representation on the Board of Directors;</li> <li>• remove the requirement that the Chair of the Workers' Compensation Appeal Tribunal be a member of the Board of Directors, but require that representatives of the Appeal Tribunal and the Board meet regularly; and</li> <li>• require that the President report only to the Board of Directors and not to the Minister. (Recommendation, paragraph 40, September 2002)</li> </ul>	<b>Satisfactory</b>
<p>B-2. The Minister may wish to consider proposing a legislative amendment that would limit the period of time in which reviews and appeals of decisions may be filed, as certain other jurisdictions have done. (Recommendation, paragraph 63, September 2002)</p>	<b>Satisfactory</b>
<p>B-3. The Yukon Workers' Compensation Health and Safety Board should adopt a quality assurance program for claims adjudication in order to minimize adjudication errors. Such a program would involve the review of higher-risk claims prior to a final adjudication decision as well as a random review of other claims. (Recommendation, paragraph 56, September 2002)</p>	<b>Satisfactory</b>

Recommendation	Rating
<p>B-4. The Yukon Workers' Compensation Health and Safety Board should step up its efforts to ensure that employers who are required to have safety programs have them and operate them effectively. In light of its small jurisdiction and limited resources, it should conduct a risk assessment to determine the appropriate level of prevention effort and should develop targets for performance toward that level. It should finish updating the Occupational Health and Safety regulations and present its recommendations to the Commissioner in Executive Council. (Recommendation, paragraph 79, September 2002)</p>	<p><b>Satisfactory</b></p>
<p>B-5. The Yukon Workers' Compensation Health and Safety Board should demonstrate to stakeholders that it is managing its operations economically, efficiently, and effectively. This will be particularly important in managing its Achieving Better Customer Service project. It should also adopt a contracting policy that provides for more transparency and competition and ensures best value. (Recommendation, paragraph 98, September 2002)</p>	<p><b>Satisfactory</b></p>
<p>B-6. The Yukon Workers' Compensation Health and Safety Board should put in place a risk management program to identify and assess the risks to its objectives so it can determine what areas require attention and allocate its resources appropriately. (Recommendation, paragraph 109, September 2002)</p>	<p><b>Satisfactory</b></p>
<p><b>C. Report of the Auditor General of Canada—Public Schools and Advanced Education—Yukon Department of Education, January 2009</b></p>	
<p>C-1. The Department of Education should work with the Property Management Division of the Department of Highways and Public Works to conduct regular and comprehensive facility audits to ensure that major building deficiencies are identified. The audits should address environmental, health, and safety issues, as needed. (Recommendation, paragraph 108, January 2009)</p>	<p><b>Satisfactory</b></p>

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## About the Audit

All of the audit work in this report was conducted in accordance with the standards for assurance engagements set by The Canadian Institute of Chartered Accountants. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.

### Objectives

The audit objective was to determine whether satisfactory progress has been made by selected Government of Yukon departments and territorial corporations in addressing selected observations and recommendations identified in our performance audit reports tabled in the Yukon Legislative Assembly between 2002 and 2009.

We examined four government departments and territorial corporations:

- the Department of Highways and Public Works,
- the Department of Education,
- the Yukon Workers' Compensation Health and Safety Board, and
- the Executive Council Office.

The sub-objectives were to determine whether

- the Department of Highways and Public Works has made satisfactory progress since our 2007 audit report in adequately applying principles of risk management and exercising due regard to economy and efficiency in project delivery and property management, and to determine if senior management has the information necessary to exercise appropriate oversight for transportation infrastructure and building development projects;
- the YWCHSB has made satisfactory progress since our 2002 audit report in the areas of accountability, quality assurance and quality control, appeals, prevention activities, and management of the Compensation Fund; and
- the Government of Yukon and those territorial corporations within the scope of this audit have made satisfactory progress since 2007 in improving strategic planning, risk identification and management, and performance measurement and reporting.

The Department of Education's progress is discussed with respect to building inspections in general in the section of this report on the Department of Highways and Public Works.

### Scope and approach

In our follow-up audit, we examined three audit reports to identify key observations and recommendations, and evaluated the progress achieved. We followed up on 13 recommendations to assess progress on their implementation. We obtained and reviewed relevant documentation, analyzed data,

interviewed officials, and made field visits to several transportation infrastructure and building development projects.

## Criteria

Listed below are the criteria used to conduct this audit and their sources.

Criteria	Sources
<b>To determine whether the Department of Highways and Public Works has made satisfactory progress on key observations and recommendations from our 2007 audit report, we used the following criteria:</b>	
Senior management at the Department of Highways and Public Works receives information that allows managers to monitor the performance of projects, make informed decisions, and monitor whether project planning and implementation directives are being followed.	<ul style="list-style-type: none"> <li>• Project Planning and Implementation Directive and Contracting Directive, Government of Yukon</li> <li>• A Guide to the Project Management Body of Knowledge, Project Management Institute</li> </ul>
The Department anticipates future space needs, analyzes a range of options, and supports its decisions, while adhering to the government directives and policies in place.	<ul style="list-style-type: none"> <li>• Master Space Plan, Department of Highways and Public Works</li> <li>• Office Space Allocation Directive and Project Planning and Implementation Directive, Government of Yukon</li> </ul>
The Department has capital maintenance and replacement programs for highways and bridges to ensure that the integrity of the transportation assets is maintained to established standards.	<ul style="list-style-type: none"> <li>• Department of Highways and Public Works Transportation Division Program Objectives, 2011–12 Capital Estimates, Government of Yukon</li> </ul>
The Department maintains buildings and property management installations to the standard of original construction, and adheres to government policies on building and equipment maintenance.	<ul style="list-style-type: none"> <li>• Building and Equipment Maintenance Policy, Government of Yukon</li> <li>• <i>Building Standards Act</i> (Yukon)</li> </ul>
<b>To determine whether the Yukon Workers' Compensation Health and Safety Board has made satisfactory progress on key observations and recommendations from our 2002 audit report, we used the following criteria:</b>	
Accountability and reporting relationships have been established.	<ul style="list-style-type: none"> <li>• <i>Workers' Compensation Act</i> (Yukon)</li> </ul>
The Yukon Workers' Compensation Health and Safety Board has initiated a quality assurance program and quality control processes with respect to claims management and the processing of workers' compensation claims.	<ul style="list-style-type: none"> <li>• Claims Policies: Entitlement, Earnings Loss and Appeals, Yukon Workers' Compensation Health and Safety Board (YWCHSB)</li> <li>• <i>Workers' Compensation Act</i> (Yukon)</li> </ul>
Certainty of when claims decisions may be appealed has been established.	<ul style="list-style-type: none"> <li>• <i>Workers' Compensation Act</i> (Yukon)</li> </ul>
The YWCHSB enforces the <i>Occupational Health and Safety Act</i> and Regulations, and monitors compliance with the Act.	<ul style="list-style-type: none"> <li>• <i>Occupational Health and Safety Act</i> and <i>Workers' Compensation Act</i> (Yukon)</li> <li>• Policies on workplace safety and prevention, YWCHSB</li> </ul>
The YWCHSB is managing the Compensation Fund by ensuring that receipt and payment of money by the YWCHSB are in compliance with the <i>Financial Administration Act</i> , that investments are made in compliance with the Compensation Fund Investment Policy, and that the Fund is solvent.	<ul style="list-style-type: none"> <li>• <i>Workers' Compensation Act</i> and <i>Financial Administration Act</i> (Yukon)</li> <li>• Policies on finance, investments, and administration, YWCHSB</li> </ul>

Criteria	Sources
<p><b>To determine whether the Government of Yukon and territorial corporations within the scope of this audit have made satisfactory progress in the areas of strategic planning, risk identification and management, and performance measurement and reporting since 2007, we used the following criteria:</b></p>	
<p>The Government of Yukon and selected organizations have planning processes in place to identify priorities and human resource needs, and to produce strategic plans with specific measurable goals and objectives.</p>	<ul style="list-style-type: none"> <li>• “20 Questions Directors Should Ask” series, Chartered Accountants of Canada</li> <li>• Policies from the Financial Administration Manual and General Administration Manual, Government of Yukon</li> </ul>
<p>The Government of Yukon and selected organizations incorporate principles of risk management into their strategic planning processes by identifying, measuring, analyzing and evaluating, mitigating, and monitoring risk.</p>	<ul style="list-style-type: none"> <li>• ISO 31000 International Standard—Risk Management—Principles and Guidelines, International Organization for Standardization</li> <li>• “20 Questions Directors Should Ask” series, Chartered Accountants of Canada</li> </ul>
<p>For performance measurement and reporting, the Government of Yukon and selected organizations have established key targets, indicators, and outcomes. The government monitors, reports, and compares planned with actual results, and it analyzes gaps in targets, indicators, and outcomes.</p>	<ul style="list-style-type: none"> <li>• “20 Questions Directors Should Ask” series, Chartered Accountants of Canada</li> <li>• Results-Based Management Lexicon, Treasury Board of Canada Secretariat</li> </ul>

Management reviewed and accepted the suitability of the criteria used in the audit.

### Period covered by the audit

Audit work for this report was completed on 9 March 2012.

### Audit team

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## Appendix List of recommendations

The following is a list of recommendations found in the report. The number in front of the recommendation indicates the paragraph where it appears in the report. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendation	Response
<b>Department of Highways and Public Works</b>	
<p><b>38.</b> The Government of Yukon should review the Building and Equipment Maintenance Policy to</p> <ul style="list-style-type: none"> <li>• clarify the roles and responsibilities of the Department of Highways and Public Works and other departments for funding and carrying out building inspections, as well as for funding, prioritizing, and addressing deficiencies once they have been identified; and</li> <li>• establish an appropriate standard for maintaining buildings. (26–37)</li> </ul>	<p><b>The Government’s response.</b> Agreed. The Department has developed and implemented a new approach to working with client departments to prioritize building maintenance projects and will work with the Interdepartmental Working Group for space and facility management in the coming year to clarify roles and responsibilities and revisit building maintenance standards. Any proposed changes to the existing policy that may arise from this exercise will be presented to the Deputy Ministers’ Review Committee and, if that committee so directs, to Cabinet for approval.</p>
<p><b>39.</b> The Department of Highways and Public Works should establish a schedule to conduct regular, comprehensive inspections and follow-ups of all government buildings within a reasonable time frame. It should take corrective action as soon as possible on mandatory and immediate repairs identified in the inspections, especially if they are related to health and safety concerns. (26–37)</p>	<p><b>The Department’s response.</b> Agreed. The Department will establish requirements for inspection of the various types of facilities it manages within the coming year. The Department is continuing to implement improvements in tracking the scheduling and completion of work orders to improve the management and reporting of priority repairs. The Department is committed to proactively addressing health and safety concerns in government facilities and to promptly attending to high-priority repairs identified in inspections.</p>

Recommendation	Response
<p><b>53.</b> The Department of Highways and Public Works should implement its master plan for office space and related strategy to provide an economical, long-term approach to accommodation. Depending on feasibility and cost-effectiveness, long-range plans should consider opportunities for building or buying rather than leasing facilities, as recommended in the plan. (40–52)</p>	<p><b>The Department’s response.</b> Agreed. The Department will continue to implement the master plan and strategy with a view to improving long-term portfolio management to meet government’s facility and accommodation requirements. The Department will also work with its clients and with other central agencies in 2012–13 to improve processes for identifying future space needs.</p>
<p><b>54.</b> The Department should determine the difference between existing office space and future requirements, and work toward obtaining the required space. (40–52)</p>	<p><b>The Department’s response.</b> Agreed. The Department is continuing to invest in system improvements that will assist in space planning. As departments complete their strategic planning exercises and develop five-year plans, the Property Management Division will assist in defining associated space needs. The combination of analysis of the existing portfolio and emergent needs will be used to produce updates on the master plan for office space.</p>

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**Yukon Workers’ Compensation Health and Safety Board**

<p><b>81.</b> Greater efforts should be made to ensure that occupational health and safety programs are in place for all employers required to have them under the <i>Occupational Health and Safety Act</i>. (71–80)</p>	<p><b>The Yukon Workers’ Compensation Health and Safety Board’s response.</b> Agreed. Occupational health and safety programs are essential to preventing disability in high-risk and larger workplaces. Efforts are under way in this area aimed at achieving a Certificate of Recognition, or the equivalent, for 250 employers by 2016. Our new occupational health and safety computer system will facilitate compliance tracking while a focus on occupational health and safety programs is part of our annual work plans, derived from the 2012–2016 Strategic Plan—Preventing Disability.</p>
<p><b>82.</b> The Yukon Workers’ Compensation Health and Safety Board should continue to work in cooperation with the Government of Yukon—the territory’s largest employer—to ensure that the government has a comprehensive safety management system in place as soon as possible. (71–80)</p>	<p><b>The Yukon Workers’ Compensation Health and Safety Board’s response.</b> Agreed. The Yukon Workers’ Compensation Health and Safety Board will continue to support and monitor the efforts of the Government of Yukon in meeting the safety management system order. Efforts will also be focused on compliance with the <i>Occupational Health and Safety Act</i> and Regulations at the departmental level.</p>

Recommendation	Response
<b>Strategic planning, risk management, and performance measurement</b>	
<p><b>112.</b> Government departments and the Yukon Housing Corporation, Yukon Liquor Corporation, and Yukon Lottery Commission, with the guidance of the Executive Council Office and the Department of Highways and Public Works, should</p> <ul style="list-style-type: none"> <li>• develop and implement a mandatory integrated risk management approach for identification and monitoring of risks and mitigation strategies, as well as integration of risk management into structures and processes for day-to-day decision making;</li> <li>• measure key results achieved in relation to established targets to support results-based management; and</li> <li>• communicate annually the extent to which planned results have been achieved, and provide relevant contextual information, explanations for variance from targets, and plans to address identified variances.</li> </ul> <p>(102–111)</p>	<p><b>The Executive Council Office’s and Department’s response.</b> Agreed. The Department of Highways and Public Works has developed and is implementing an integrated risk management approach across government. It is examining options for integrating risk management into structures and processes for day-to-day decision making.</p> <p>In keeping with the departmental planning initiative endorsed by the Deputy Ministers’ Review Committee in 2006 and the subsequent endorsement of the development of strategic plans, government departments, Yukon Housing Corporation, Yukon Liquor Corporation, and the Yukon Lottery Commission are to provide performance measurements in their 2012–13 strategic plans. In support of the adoption of performance measures, the interdepartmental committee chaired by the Executive Council Office has provided a guide on monitoring, evaluation, and reporting and coordinated a performance measurement training workshop. The ongoing development and articulation of performance measurements will involve the process of steady improvement, supported by training and other capacity development initiatives, and will be overseen by the Deputy Ministers’ Review Committee.</p> <p>With respect to annual reporting, deputies, including the President of the Yukon Housing Corporation and the Yukon Liquor Corporation, are currently responsible for reporting annually to the Premier on the extent to which planned results have been achieved. In keeping with the ongoing improvements made in reporting, current reports include reporting on the status of initiatives and any mitigating circumstances with respect to those delayed or not yet under way. The Deputy Ministers’ Review Committee, with guidance from the Executive Council Office, will consider the above recommendations to determine whether additional components are needed for the 2012–13 year-end reports.</p>

