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**Follow-up Audit on the Implementation of  
the Commissioner of the Environment and  
Sustainable Development  
Recommendations on Sustainable  
Development Strategies**

**November 15, 2019**

# Follow-up Audit on the Implementation of the Commissioner of the Environment and Sustainable Development Recommendations on Sustainable Development Strategies



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# Federal Sustainable Development Strategy



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- The *Federal Sustainable Development Act* requires the federal government to develop a strategy intended to make environmental decision making more transparent and accountable to Parliament.
- The *Federal Sustainable Development Strategy* (FSDS), covering the period from 2016 to 2019, provides a government-wide perspective on environmental and sustainable development priorities, goals, targets, and implementation strategies.
- Departments are responsible for establishing their own sustainable development strategies and outlining how they intend to support the FSDS.
- Public Safety Canada (PS) developed its 2017-2020 *Departmental Sustainable Development Strategy* (DSDS), which aligns with the FSDS and is used for reporting annually on progress made towards achieving its goals.
- PS has committed to work towards the two following FSDS goals:

**Low-Carbon Government:** The Government of Canada leads by example by making its operations low-carbon.

**Safe and Healthy Communities:** All Canadians live in clean, sustainable communities that contribute to their health and well-being.



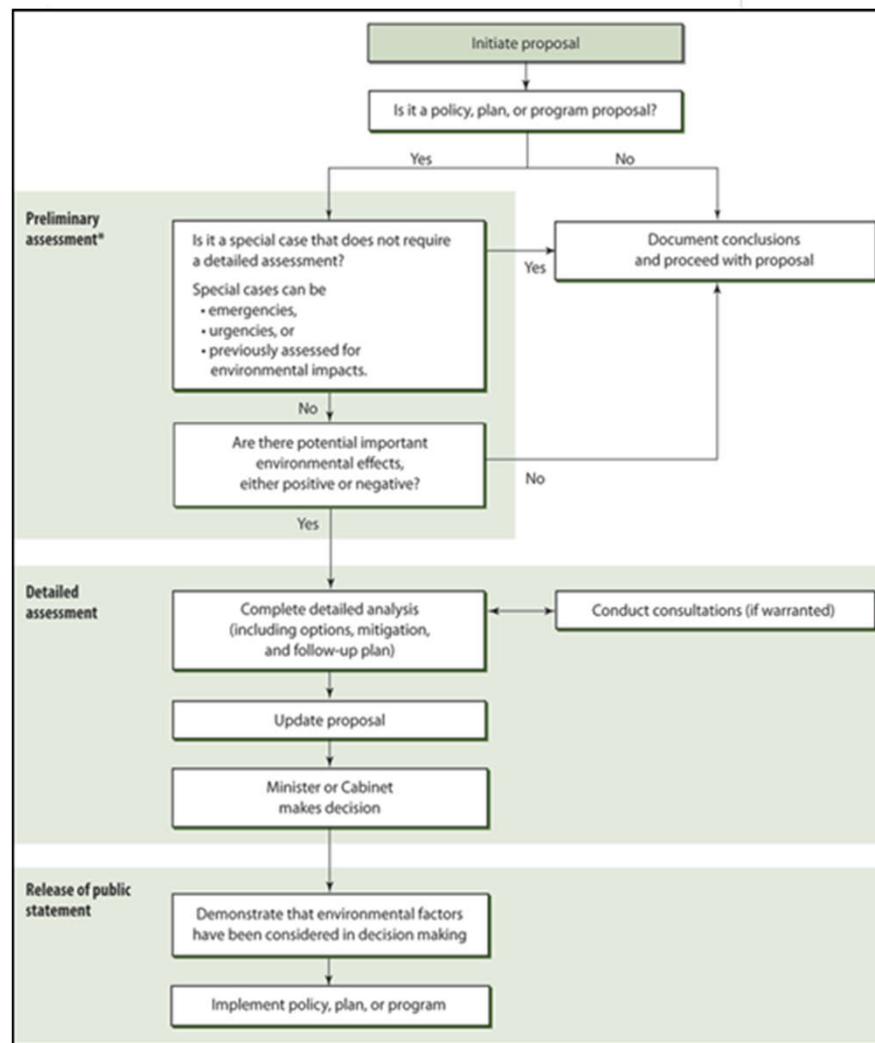
# Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals



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- The *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals* (Cabinet Directive) requires all departments and agencies to perform a strategic environmental assessment (SEA) to inform the Cabinet of environmental effects of proposed policies, plans and programs.
- Departments are expected to conduct a preliminary assessment (scan) to screen proposals for potential important environmental effects, which can be either positive or negative.
- The focus of scans should be on identifying strategic considerations at a relatively general or conceptual level, rather than evaluating quantitative, detailed environmental impacts, as in a project-level assessment.
- If important environmental effects are identified, a detailed assessment is required.
- Departments must prepare a public statement of environmental effects when a full SEA has been conducted.

Figure 1: The Strategic Environmental Assessment Process



# Commissioner of the Environment and Sustainable Development



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- Under the *Auditor General Act* and the *Federal Sustainable Development Act*, the Commissioner of the Environment and Sustainable Development (CESD) is tasked with overseeing the government's efforts to protect the environment and promote sustainable development.
- On behalf of the Auditor General of Canada, the CESD provides parliamentarians with objective, independent analysis and recommendations on the federal government's efforts to protect the environment and foster sustainable development.
- The CESD conducts regular performance audits, and is responsible for:
  - monitoring sustainable development strategies of federal departments;
  - overseeing the environmental petitions process; and
  - auditing the federal government's management of environmental and sustainable development issues.



# 2017 CESD Report and Recommendations



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- In October 2017, the CESD released its annual audit report on Departmental Progress in Implementing Sustainable Development Strategies, as part of which PS' practices were assessed. The CESD issued 4 recommendations:

PS should:

1. Apply the *Cabinet Directive* to all policy, plan, and program proposals submitted for approval to their individual Ministers or to Cabinet, as required;
2. Ensure that they conduct strategic environmental assessments early in the life of proposals and document when the assessments took place, as required by the *Cabinet Directive*;
3. Ensure that they report each year on the results of their strategic environmental assessment practices; and
4. Develop or improve their guidance and tools on strategic environmental assessment.

- PS accepted each recommendation and committed to implementing a number of measures as part of its Management Action Plan.



# 2017 CESD Report and Recommendations – Public Safety Response



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- In response to the recommendation from the CESD Audit, the Portfolio Affairs and Communications Branch (PACB) developed the *Strategic Environmental Assessment Guidance Document* and the *Strategic Environmental Scan Template*, which were distributed Department-wide in Fall 2017.
- Consistent with the requirements of the Cabinet Directive, the PS guidance documents outline the obligation of the department to:
  - conduct preliminary scans for all proposals for the minister's or Cabinet's consideration to identify the direct and indirect outcomes associated with implementing the proposal, and whether these outcomes have an impact on the FSDS goals and target; and
  - If the preliminary scan results in a positive response to any of the SEA outcome questions and the proposal is assessed as having important environmental effects, Branches are required to complete a full SEA review.



# 2017 CESD Report and Recommendations – Public Safety Response



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- Under the adopted PS governance model, each Assistant Deputy Minister is accountable for compliance with the *Cabinet Directive* for proposals that originate from their Branch.
- Starting in January 2018, PS established a requirement to review the status of all Departmental SEA practices twice per year at the Internal Policy Committee (IPC), through Mid-year progress reporting (January) and Year-end progress reporting (July).
- Assistant Deputy Ministers (ADM) are also asked to include analysis and considerations related to SEAs when presenting policy proposals at IPC.
- PS further committed to report on its Strategic Environmental Assessment practices in its Departmental Results Report.
- All four CESD recommendations were reported to the Departmental Audit Committee (DAC) as fully implemented and closed on October 30, 2018.



# 2018 CESD Report



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- In October 2018, the CESD released its sixth annual report to Parliament on Departmental Progress in Implementing Sustainable Development Strategies, as part of which PS was assessed again.
- This audit focused on whether the organizations previously examined had adequately applied the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*, and whether they had met their commitments to strengthening their strategic environmental assessment practices.
- PS was found to have been “largely compliant”, having applied the Cabinet Directive to a majority of proposals the CESD reviewed. CESD also found that PS had developed internal guidance and tools to apply the Cabinet Directive. This had been deemed a “considerable improvement” from previous practices.
- CESD found that their past 2017 recommendations remained relevant with no new recommendations being made.



# Objective and Scope



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- The objective of this follow-up audit is to assess whether Public Safety Canada's planned actions have been effectively implemented to address the CESD recommendations on Sustainable Development Strategies.
- The follow-up audit examined SEAs developed in support of Treasury Board (TB) submissions and Memorandum to Cabinet (MC) led by Public Safety between April 2018 and June 2019.
- We did not review SEAs developed in support of other policy, plan and program such as budget proposals, Regulatory Impact Analysis Statement for Regulatory Submissions, etc.
- The audit did not assess:
  - The quality of the analysis in the SEA and the decisions arrived at by Branches; and
  - the MCs and TB Submission development processes.



# Audit Approach and Methodology



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- In conducting the follow-up audit, the following methods were used:
  - Documentation review;
  - Interviews with relevant stakeholders, including:
    - Analysts who prepared SEAs that were in our audit sample; and
    - PS management responsible for the development of the 2017-2020 Departmental Sustainable Development Strategy and for departmental reporting requirements.
  - Consultations with representatives from:
    - CESD to discuss audit methodology; and
    - Environment and Climate Change Canada (ECCC), Health Canada, and Transport Canada to discuss best practices.

## Conformance with professional standards

The follow-up audit conforms with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and the Government of Canada's Policy on Internal Audit, as supported by the results of the Quality Assurance and Improvement Program.



# Lines of Enquiry



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In conducting the engagement, we assessed whether the following components are established at PS to effectively support the process for conducting strategic environmental assessment for all policy, plan and program proposals :

- PS established an effective governance framework to ensure oversight over the process for conducting SEAs.
- The Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals is consistently applied.
- PS reports on the extent and results of its DSDS and strategic environmental assessment practices.



# Governance over Strategic Environmental Assessments



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## Oversight over SEA Process

### What we expected

- Clear accountabilities and oversight responsibilities over the process for integrating environmental sustainability considerations into decision-making.

### What we found

- Responsibilities for the application of the Cabinet Directive are shared within PS:
  - The Corporate Management Branch develops the DSDS and coordinates reporting against its goals.
  - PACB developed the guidance documents in 2017 to support application of the Cabinet Directive; however, the Branch was not thereon assigned continuous oversight responsibility over the departmental SEA process and practices.
  - Branch leads are accountable for conducting preliminary scans and SEAs and ensure they have the required approvals.
- Based on best practices identified, PS has not adopted clear oversight responsibility for reviewing departmental SEA practices, and to monitor and challenge the integration of environmental considerations in individual proposals.



# Governance over Strategic Environmental Assessments



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## Guidance and Training

### What we expected

- Departmental resources made available to support the application of the Cabinet Directive.

### What we found

- The guidance documents developed by PS align with the expectations and requirements of the Cabinet Directive.
- There is no dedicated resource or supporting network within PS that provide expert advice on SEAs, unlike processes established to support other key considerations for decision-making such as gender-based analysis *plus*, modern treaties implications, and official languages.
- There is limited availability for training on conducting SEAs and PS has not established departmental-level training requirements on the subject.
- Analysts interviewed had not received training for conducting SEAs.



# Application of the Cabinet Directive



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## Early integration of potential environmental considerations

### What we expected

- The analysis of environmental considerations should be fully integrated into the development of a policy, plan or program, and consideration of environmental effects should begin early in the conceptual planning stages of the proposal and undertaken on an iterative basis.

### What we found

- The *Strategic Environmental Assessment Guidance Document* and the *Strategic Environmental Scan Template* are supplied to Branches by the Cabinet Affairs Unit as part of each initial tasking notification for Cabinet proposals.
- When completing the *Strategic Environmental Scan Template*, analysts are asked to indicate the start and completion dates of the assessment. However, we cannot attest as to whether the date indicated on the preliminary scans reviewed is an accurate representation of the Branch's early consideration of environmental impacts in the development of a proposal.



# Application of the Cabinet Directive



## Completeness of SEAs conducted

### What we expected

- All policy, plan and program proposals consider potential environmental effects, i.e. direct and indirect outcomes associated with implementing the proposal, whether positive or negative.
- All SEAs are completed using the PS template and approved by authorized personnel.

### What we found

- From the SEAs reviewed, we found that:
  - Some preliminary scans were only partially completed; in some cases, Branches did not include a rationale to support its assessment of all potential environmental outcomes;
  - Some preliminary scans were not signed and dated by the responsible Analyst, Director, Director General, Assistant Deputy Minister; and
  - Branches did not always use the approved PS template to conduct preliminary scans.
- Fully completed SEA templates contribute to ensuring that comprehensive analyses of all potential environmental effects are conducted, and demonstrate that their results were ratified by authorized personnel.



# Application of the Cabinet Directive



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## Requirement for completing a full SEA

### What we expected

- A full SEA must be conducted if environmental impacts (either positive or negative) are identified through a preliminary scan and are considered important.

### What we found

- For the majority of preliminary scans examined, Branches indicated that there was no impact (either positive or negative) on any components of the environment or any of the FSDS goals and targets.
- Potential environmental effects were identified in the preliminary scan of a few proposals examined, but did not result in a full SEA being conducted by PS. Based on the limited information provided, we cannot attest as to whether the potential effects identified were deemed important.



# Application of the Cabinet Directive



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## Evidence of consensus environmental effects for joint proposals

<b>What we expected</b>	<ul style="list-style-type: none"><li>• For joint proposals for which PS is the lead department, PS is accountable to arrive at a common conclusion on environmental effects. Lead Branches are required to integrate the results of the co-lead department's environmental scan and their conclusions. The interdepartmental partners are responsible to provide this information to PS.</li></ul>
<b>What we found</b>	<ul style="list-style-type: none"><li>• Approximately half of the PS-led proposals reviewed were joint MCs or TB submissions. Based on the review of documents received, we cannot attest whether the perspectives of co-sponsor departments are reflected in the development of proposal options and the SEA analysis.</li><li>• In a few instances, the preliminary scan of the co-sponsor department was integrated "as is" in the SEA template, without any indication that it was challenged by PS and that the overall conclusion was a common one for all the Departments involved.</li></ul>



# Application of the Cabinet Directive



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## Supporting evidence to substantiate analysis

### What we expected

- Environmental considerations should be undertaken on an iterative basis throughout the policy development process and be fully integrated into the analysis of each of the options developed so that the consequences of alternative proposals can be compared and considered to reduce environmental risk.
- Analyst may use a variety of tools, including matrices, checklists and experts available within the department and from other departments to conduct the analysis.

### What we found

- Lead Branches provided copies of completed SEA templates; however no supporting documentation such as summaries, case studies, analysis, or any other forms of evidence was provided to Internal Audit and Evaluation Directorate (IAED) to substantiate how potential environmental outcomes, either positive or negative, were considered.
- Since Branches have not identified potential environment effects for most proposals reviewed as part of this audit, we are unable to comment as to whether analyses of alternative options were considered.



# Reporting on SEA practices



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## Information Management Practices

### What we expected

- The PS Strategic Environmental Assessment Guidance Document requires that ADM offices retain signed copies of their respective preliminary scans and SEAs and are responsible for the content of those records and their accuracy and completeness, for the purpose of reporting through the Departments Results Report (DRR), or in the event of future audits or evaluations.

### What we found

- In requesting SEAs and underlying supporting evidence, most ADM offices had challenges in locating the documentation within the allotted timelines.
- The Cabinet Affairs Unit was ultimately asked to provide copies of Cabinet documents that some ADM offices could not locate.
- Similar challenges in locating SEA documentation occurred at the time of the 2017 and 2018 CESD audits.



# Reporting SEA practices



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## Reporting on SEA practices

### What we expected

- Departmental and agency officials are responsible for reporting on SEAs of policies, plans, and programs as well as on progress made towards achieving their DSDS goals in their DRR.
- A systematic approach for gathering information should be established to fully and accurately report on results achieved.

### What we found

- PS reports on its performance against its DSDS objectives and SEA practices in the DRR, as expected.
- PS has not established a process that would enable the systematic integration of potential environmental effects identified in the SEAs towards the achievement of its DSDS goals or broader FSDS target.
- ADMs are asked to discuss environmental considerations in the context of individual proposals presented at IPC.



# Conclusions



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PS has implemented previous management actions to address the CESD recommendations on Sustainable Development Strategies; however, improvements should be considered to increase the effectiveness of the current framework and practices and ensure that decisions are made with full awareness of environmental impacts.

- ❑ Clear oversight over SEA practices to ensure early integration, trained resources, and the systematic assessment of potential environmental effects when developing proposals with consideration of DSDS and FSDS targets.
- ❑ While some tools and guidance are available, opportunities for training are not readily available to PS analysts and there is no dedicated resource or network to support analysts in conducting SEAs.
- ❑ Information management practices should be reviewed to ensure that information used for reporting or in the context of future internal/external audits or evaluations is complete and accurate, as well as available for future policy development.



# Recommendations



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1. All Assistant Deputy Ministers should work collaboratively to improve upon the current framework and practices by :
  - a) Reviewing the current governance framework and establishing clear roles, responsibilities, and accountabilities over the process for conducting strategic environmental assessments on all policy, plan and program proposals.
  - b) Ensuring that guidance, training and tools on strategic environmental assessments are commensurate with the needs of the department.
2. Each Assistant Deputy Minister should improve current branch practices by :
  - a) Establishing oversight mechanisms to support the iterative integration of potential environmental considerations throughout the life of a proposal.
  - b) Ensuring that information management practices are adequate to fulfill documentation and reporting requirements.



# Annex A: PS Management Action Plan



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Recommendation	Actions Planned	Target Completion Date
<p>1. All Assistant Deputy Ministers should work collaboratively to improve upon the current framework and practices by:</p> <ul style="list-style-type: none"> <li>a) Reviewing the current governance framework and establishing clear roles, responsibilities, and accountabilities over the process for conducting strategic environmental assessments on all policy, plan and program proposals.</li> <li>b) Ensuring that guidance, training and tools on strategic environmental assessments are commensurate with the needs of the department.</li> </ul>	<ul style="list-style-type: none"> <li>1. PACB, in consultation with all Branches, will lead:               <ul style="list-style-type: none"> <li>a) The review of the current governance framework, including roles, responsibilities, and accountabilities; and</li> <li>b) The review and assessment of available guidance, training and tools;</li> </ul> </li> <li>2. PACB will present the proposed options/next steps for decision by the Internal Policy Committee.</li> </ul>	<p>June 2020</p>
<p>2. Each Assistant Deputy Minister should improve current branch practices by :</p> <ul style="list-style-type: none"> <li>a) Establishing oversight mechanisms to support the iterative integration of potential environmental considerations throughout the life of a proposal.</li> <li>b) Ensuring that information management practices are adequate to fulfill documentation and reporting requirements.</li> </ul>	<ul style="list-style-type: none"> <li>1. Each ADM will require that oversight mechanisms be imbedded in all new policy, plan and program proposals so that potential environmental effects are considered throughout the life of a proposal.</li> <li>2. Each ADMO will create:               <ul style="list-style-type: none"> <li>a) A document to track all branch-led preliminary SEA scans and, if applicable, full SEAs.</li> <li>b) An electronic filing system to ensure all final signed preliminary scans and full SEAs, along with supporting documentation, are scanned and saved accordingly.</li> </ul> </li> </ul>	<p>December 2020 (and ongoing)</p>

