

ANNUAL LOSS SUMMARY REPORT

Risk Management Branch and Government Security Office

NOTE: Annual Loss Summary Reports for programs are not included within the above graphical statistics.

Four ministries, in addition to reporting General Incidents or Losses, are tasked to report losses associated with their Program Areas. A 1997/98 report by the Auditor General identified that this second tier reporting would be appropriate to the [then] Ministries of Human Resources, Forests, Health, and Transportation and Highways.

(Core Policy 20.2.6) Due to the nature of certain programs, some ministries experience recurring losses from general incidents and/or illegal activities. These ministries often have internal resources dedicated to managing the losses (e.g., Prevention and Loss Management Services Branch). Examples of such loss incidents include:

- Suspected false or fraudulent claims for social benefits, loans, grants, or transfers including employment and income assistance, student loans and MSP.
- Overpayments or erroneous payments.
- Loss of revenue that should have been received or collected.
- Theft of Crown property (e.g., unauthorized timber harvest); damage to Crown property; etc.

These ministries, that have internal resources dedicated to managing losses, must report their loss incidents to the Risk Management Branch by June 30th of each year for the preceding fiscal year, on an Annual Loss Summary Report.

FISCAL 2012/13 – Annual Loss Summary Reports

MINISTRY OF FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS					
Number of Loss Incidents	Value of Losses	Value of Recoveries	Net Loss	Reason for Losses	Safeguards and Loss Control Measures
Forestry					
6 (FRAP)	\$960	\$960 (FRAP Assessments)	\$0	Unauthorized harvest losses include loss due to unknown parties and unrecovered stumpage to known clients. Some recovery based on violation ticket issuance for smaller volumes. Stumpage manipulation through inaccurate	Inspections and investigations by C&E Branch. <i>Forest Act</i> Section 103 stumpage recovery on unauthorized harvested timber brought to
83 (FRPA)	\$108,268.45	\$79,122.00 (Stumpage, FRPA Penalties, Violation Tickets)	\$29,146.45		

				<p>appraisal data or inappropriate scaling methodology. FRAP net loss equals zero for full recovery on audited tenures. Non-audited tenures may have some risk of loss but the scale is unknown.</p> <p>Current project underway to identify, analyze and mitigate any loss factors in the revenue stream.</p>	<p>determination.</p> <p><i>Forest Act</i> Part 11.1 Forest Revenue audits on stumpage payments.</p>
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Lands

	\$4,000,000	Not Available	Not Available	<p>Unpaid rent on occupation under tenure or unauthorized occupation of Crown Lands without rent being assessed. Value based on actual revenue against forecasted revenue. Recoveries may occur over budget cycle. Some loss recorded may be due to system anomalies and data recording lags.</p> <p>Unpaid or unreported royalties on gravel extraction under tenure or unauthorized gravel extraction. In the initial stages of analysis</p>	<p>Broadened mandate of C&E Branch Natural Resource Officers has increased the resource capacity to inspect Land Act tenures to ensure rent payments are paid and rent is collected on those unauthorized occupations that can be tenured.</p> <p>Gravel extraction project initiated to provide a baseline and monitoring system to measure</p>
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				for this fiscal.	reported royalties against volume removed.
Water					
	\$6,800,000 (Accounts receivable)	\$5,500,000 (Accounts paid)	\$605,000 (to collections, recovery % unknown)	Unpaid fees on current water licenses or unauthorized water use. Accounts receivable initially at beginning of billing totals \$6.8 million. Accounts receiving payment and recovered through administrative billing process leave a general balance of \$1.3 million. A small number of these go to collections (0.25% totalling 11% of the outstanding accounts receivable or \$605,000). Threshold value to collections is \$4000 with an average value of \$20,600.	Broadened mandate of C&E Branch Natural Resource Officers has increased the resource capacity to inspect Water Act tenures to ensure fees are paid and fees are collected on unauthorized use that can be tenured. General accounting and billing procedures in place to bill and receive payments.
Wildfire Management Branch					
192 (Administrative)	\$90,142.04 (Administrative)	\$ 0	\$90,142.04 (Administrative)	Administrative – Corporate program losses with fleet vehicles, IT, information assets and other program related threats or incidents. Loss is calculated at replacement	Increased awareness on the part of WMB staff and C&E staff with regard to cost recovery legislation within the <i>Wildfire Act</i> which allows
18,995 (Operational)	\$2,079,908.55 (Operational)	\$ 0	\$2,079,908.55 (Operational)		
3 (Fire damaged natural)	\$ Not Available (Fire damaged natural)	\$ Not Available	\$ Not Available (Fire damaged natural)		

resources)	resources)		resources)	values and may reflect higher totals than actual loss. Operational – Equipment and asset loss due to use during fire suppression activities. Loss is calculated at replacement values and may reflect higher totals than actual loss. Fire damaged natural resources – Timber and other resource values destroyed as a result of wildfire. Current incidents for fiscal year are still under investigation and information is unavailable. Cost recovery usually results in litigation which may be limiting to recovery of full costs.	for the processing of wildfire related cost recovery in most incidents where required.
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Explanatory Notes:

- **Estimated**
- FRAP = Forest Revenue Audit Program
- FRPA = Forest and Range Practices Act

**MINISTRY OF HEALTH
Audit and Investigations Recoveries**

	Number of Audits	Recovered or Ascertained
Investigations Unit	593	\$2,240,361
Audit – Billing Integrity Program	29	\$1,366,500
Audit – PharmaCare Audit	18	\$2,487,306
Total	640	\$6,094,167

Explanatory Notes:

- Includes a combination of amounts identified for recovery and amounts agreed to be paid, but not necessarily yet collected.

**MINISTRY OF SOCIAL DEVELOPMENT
Enforcement Program Initiatives**

Type	Orders/Judgements	Value
Criminal Code Convictions	46	\$836,000
Settlement (Cases which did not proceed to court or where a stay of proceedings was entered)	25	\$116,000
Civil Court Orders	4	\$16,000
Total	67	\$967,000

Explanatory Notes:

- Values rounded to the nearest 1000.
- The number of criminal convictions each year varies due to lag times between receiving the allegation and subsequent approval for charges to be laid and, moving the case through the court system to conviction and sentencing.
- Civil Court Orders result from both Civil Supreme Court and Small Claims Court. The value of the court orders/judgements is not necessarily the amount paid or collected.
- The Ministry of Social Development (MSD) is committed to providing assistance to people who are eligible and, in doing so, is accountable to the citizens of BC. The Ministry, therefore, does not tolerate any abuse of the system and actively pursues all allegations or suspicions of fraud. MSD places significant emphasis on prevention and compliance in an effort to reduce fraud.
- Staff work proactively to deter individuals who would abuse the BC Employment and Assistance program. Emphasis is on preventing fraud from occurring in the first place and working to increase the level of compliance, rather than attempting to recoup monies later through collections and the court system.
- MSD has sanctions in place to encourage clients to accurately and completely report their circumstances including income and assets, employment and family unit status. These proactive measures help to ensure funds are going to citizens most in need and that the ministry is fiscally accountable to BC taxpayers.

MINISTRY OF TRANSPORTATION AND INFRASTRUCTURE

Incidents Reported	976
Value of Losses	\$3,293,603
Value of Recoveries as of September 9, 2013	\$1,217,531
Net Loss as of September 9, 2013	\$2,076,072
Potential for Recovery as Files Still Open	\$1,524,234
Potential Net Loss to Crown	\$551,838

Explanatory Notes:

- Claims are received up to two years after incident date therefore the costs, recoveries and numbers of claims may change retroactively when reporting subsequent year data.
- These figures are based on incidents reported to the Ministry's Claims Section. Note not all incidents are reported to the Ministry.