

# ANNUAL LOSS REPORTING SUMMARY

## 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 2013/14

## MINISTRY OF SOCIAL DEVELOPMENT AND SOCIAL INNOVATION

### Enforcement Program Initiatives

Type	Orders/ Judgements	Value
Criminal Code Convictions	39	\$280,000
Settlement (Cases which did not proceed to court or where a stay of proceedings was entered)	19	\$274,000
Civil Court Orders	9	\$35,000
<b>Total</b>	<b>67</b>	<b>\$589,000</b>

#### Explanatory Notes:

- The numbers for the Enforcement Program are preliminary and subject to change.
- Values are rounded to the nearest 1,000.
- The number of criminal convictions will vary annually. There are several factors beyond branch control that impacts this number including, but not limited to:
  - The number of criminal investigators available to work on files;
  - The complexity of those files that are accepted for criminal investigation;
  - The difficulty faced by crown counsel in securing court times and venues; and/or
  - 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 and Social Innovation (SDSI) is committed to providing assistance only to people who are eligible for benefits under the Acts and in doing so, is accountable to the citizens of BC.
- SDSI actively pursues all allegations or suspicions of fraud.
- SDSI also has a robust prevention and compliance program in place aimed at reducing fraud and recovering funds issued to ineligible clients.

# Fiscal 2013/14

## MINISTRY OF FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS

Recurring losses from general loss incidents and/or illegal activities are reported annually as the value of reporting these types of losses as they occur on a GILR is limited. They must be reported to the Risk Management Branch by June 30 of each year for the preceding year on an Annual Loss Summary Report.

\* Estimated    \*\* Reasons and safeguards can be explained from the caveat

Fiscal Year	Number of Loss Incidents	Value of Losses	Value of Recoveries	Net Loss	Reason for losses**	Safeguards and Loss Control Measures**
2013/14	Forestry 6 (FRAP) 83 (FRPA)	\$960 \$108,268.45	\$960 (FRAP Assessments) \$70,942.00 (Stumpage, FRPA Penalties and Violation Tickets)	\$0 \$29,146.45	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 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. Current project underway to identify, analyze and mitigate any loss factors in the revenue stream.	Inspections and investigations by C&E Branch. <i>Forest Act</i> Section 103 stumpage recovery on unauthorized harvested timber brought to determination. <i>Forest Act</i> Part 11.1 Forest Revenue audits on stumpage payments.

	<p><b>Lands Gravel *</b></p> <p>23% of tenures had greater than or equal to 30% less royalties collected. Actual dollar values are unavailable</p>	\$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 for this fiscal.</p>	<p>Broadened mandate of C&amp;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. Gravel extraction project initiated to provide a baseline and monitoring system to measure reported royalties against volume removed.</p>
2013/14	<b>Water</b>	\$6,800,000 (Accounts receivable)	\$5,500,000 (Accounts paid)	\$605,000 (to collections, recovery % unknown)	<p>Unpaid fees on current water licenses or unauthorized water use.</p> <p>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.</p>	<p>Broadened mandate of C&amp;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.</p>
2013/14	<b>Wildfire Management</b>	\$90,142.04 (Administrative)	\$0	\$90,142.04 (Administrative)	Administrative – Corporate program losses with fleet vehicles, IT, information	Increased awareness on the

	<p>Branch</p> <p>192 (Administrative)</p> <p>18995 (Operational)</p> <p>3 (Fire damaged natural resources)</p>	<p>\$2,079,908.55 (Operational)</p> <p>\$Not Available (Fire damaged natural resources)</p>	<p>\$0</p> <p>\$Not Available</p>	<p>\$2,079,908.55 (Operational)</p> <p>\$Not Available (Fire damaged natural resources)</p>	<p>assets and other program related threats or incidents. Loss is calculated at replacement values and may reflect higher totals than actual loss.</p> <p>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.</p> <p>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.</p>	<p>part of WMB staff and C&amp;E staff with regard to cost recovery legislation within the <i>Wildfire Act</i> which allows for the processing of wildfire related cost recovery in most incidents where required.</p>
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## Appendix

### LOSS PROFILE FLNRO – Loss Report only reports on Revenue

LOSS	TYPE	DESCRIPTION	BRANCH	STATUTE	RECOVERY	STATUTE
REVENUE	Stumpage	Inaccurate data submissions on appraisals	Pricing/C&E FRAP	FA Sec 105.1	Reappraisal	FA Sec 105.2, Part 11.1
	Stumpage	Unauthorized Harvest/ Timber Removal	C&E	FRPA Sec 52	Billing	FA Sec 103
	Stumpage	Fraud - scaling, collusion	Pricing/C&E BCTS	Criminal Code Sec 380/ FA Sec 165.1	Court	
	Stumpage	Theft	C&E/COS*	Criminal Code Sec 322	Court	
	Stumpage	Scaling - grades, accuracy	Pricing	FA Part 6, Sec 105.1, Part 10	Check Scale	FA Part 6
	Stumpage	Utilization	Pricing	FA Sec 103.1, Sec 105.1	Waste survey	FA Sec 103.1
	Rent	Unauthorized occupation	Lands	LA Sec 59, Sec 60	Order	LA Sec 59 Crown Land Fees Reg
	Rent	Unauthorized structures - docks, buildings	Lands	LA Sec 59, Sec 60	Order	LA Sec 59 Crown Land Fees Reg
	Fees	Unauthorized use or sale of water	Water	WA Sec 2	Billing	WA Sec 100, Water Reg App A
	Royalties	Unreported or inaccurate gravel extraction	Lands Mines*	LA Sec 59, Sec 60	Order	LA Sec 59 Crown Land Fees Reg
ASSETS	Roads	Loss due to storm events	Engineering BCTS	Appraisal, Internal	Reappraisal, Finance	FRPA Sec 108
	Bridges	Loss due to storm events	Engineering BCTS	Appraisal, Internal	Reappraisal, Finance	FRPA Sec 108
	Timber	Loss due to fires	WMB	WFA Sec 25 & 27	Recovery	WFA Sec 25 & 27
	Equipment	Loss during fires	WMB	NA - Internal	Finance	
COSTS	Labour	Fire suppression costs	WMB	WFA Sec 9	Cost recovery	WFA Sec 25 & 27

Fiscal 2013/14

## MINISTRY OF TRANSPORTATION AND INFRASTRUCTURE

Incidents Reported	941
Value of Losses	\$3,244,014
Value of Recoveries	\$1,145,276
Net Loss	\$2,098,738
Potential for Recovery as Files Still Open	\$1,611,947
Potential Net loss - to Crown	\$486,791

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.

Fiscal 2013/14

## MINISTRY OF HEALTH

### Audit and Investigations Recoveries

	Audit #s	2013/14
Eligibility, Compliance & Enforcement Unit <sup>(1)</sup>	651	2,173,309
Audit - Billing Integrity Program	27	2,194,073
Audit - PharmaCare Audit	22	2,847,996
<b>Total</b>	<b>700</b>	<b>7,215,378</b>

Notes:

<sup>(1)</sup> Includes amounts agreed to be paid, but not necessarily collected as collection is performed by the Health Authorities.