

Pacific Pilotage Authority

Office of the Auditor General: Special Examination 2016
Fall 2016 Reports of the Auditor General of Canada

Detailed Action Plan to OAG Report Recommendations

Report Ref. No.	OAG Recommendation	Departmental Response	Description of Final Expected Outcome/Result	Expected Final Completion Date	Key Interim Milestones (Description/Dates)	Responsible Organization/ Point of Contact (Name, Position, Tel #)	Indicator of Achievement (For Committee Use Only)
30	The Board should strengthen its independence practices by implementing conflict-of-interest processes and improving documentation of them. To ensure each director's ongoing compliance with applicable requirements, the Board should adopt formal processes clarifying the circumstances and relationships that could lead to real, potential, or perceived conflicts of interest. (27–29)	<p>The Corporation's response. Agreed. The Board members of the Pacific Pilotage Authority are apprised of this requirement when assuming the directorship during their orientation.</p> <p>The Corporation has started implementing written conflict-of-interest processes and procedures for the directors, starting with the first Board and Audit Committee meetings in 2016. The orientation process will also be reviewed to ensure that sufficient emphasis is placed upon the Board members' fiduciary responsibility and the need to comply with the <i>Conflict of Interest Act</i>.</p>	<ul style="list-style-type: none"> The Authority has added conflict of interest declarations to all of its Audit and Board agendas. All Board agendas include a Conflict of Interest in-camera agenda item. The Board Chair conducts an annual performance review with each Director where a "Conflict of Interest Declaration Statement" is completed. 	4 th Q 2016	Completed 4 th Q 2016	Pacific Pilotage Authority Kevin Obermeyer, CEO 604.666.3398	
34	The Corporation should estimate the resources needed to carry out actions in support of its strategic priorities, and should include those estimates in its management and Board reporting. (31–33)	<p>The Corporation's response. Agreed. The Corporation has processes in place to allocate resources against its strategic initiatives. We agree, however, that it would be beneficial to add columns in the management action plan that identify the resources, both human and financial, and the degree of effort that will be required.</p> <p>The 2016 Management Action Plan and all plans going forward will be amended to include the following fields:</p> <ul style="list-style-type: none"> estimated staff time, in weeks; estimated financial cost, and whether it is a capital or operational expense; and 	<ul style="list-style-type: none"> The management action plan has been revised to reflect the resources required. 	2 nd Q 2016	Completed 2 nd Q 2016	Pacific Pilotage Authority Kevin Obermeyer, CEO 604.666.3398	

		<ul style="list-style-type: none"> any third-party costs and subject-matter-expert input required, such as consultants or specialty services. 					
37	<p>The Corporation should identify, assess, and mitigate all of the risks it faces in fulfilling its mandate for safe, reliable, and efficient pilotage services through its contractual service provider. (31, 35–36)</p>	<p>The Corporation’s response. Agreed. The Corporation has a robust enterprise risk management process already in place. As part of the ongoing review of risks facing the Corporation, we commit to adding the following into the risk register, commencing at the April 2016 Enterprise Risk Management Committee meeting:</p> <p>An in-depth review undertaken in 2016 to identify, assess, and mitigate (where possible) all the risks associated with a single-contractor relationship, including but not limited to human resource impacts, financial impacts, and labour relations impact.</p>	<ul style="list-style-type: none"> The Enterprise Risk Management committee of the PPA Board added a new risk entitled “Risks associated with a single-contractor relationship”. 	2 nd Q 2016	Completed 2 nd Q 2016	Pacific Pilotage Authority Kevin Obermeyer, CEO 604.666.3398	
41	<p>The Corporation should put in place guidelines that explain how performance appraisal results translate into annual increases in salary and performance pay for managers and administrative staff. (38–40)</p>	<p>The Corporation’s response. Agreed. The Corporation will put in place a document that will clearly identify how annual performance ratings translate into movement through the ranges or results in performance pay. The Corporation will then link annual performance reviews to this performance scale.</p> <p>The draft document will be approved by the Human Resources and Compensation Committee of the Board of Directors by August 2016 and will be in place for the management performance reviews in September 2016.</p>	<ul style="list-style-type: none"> The Human Resources and Compensation Committee of the Board of Directors revised the ‘Management Compensation Policy’ to contain guidelines as recommended by the OAG. The revised policy was approved by the Board on July 27, 2016. 	3 rd Q 2016	Completed 3 rd Q 2016	Pacific Pilotage Authority Kevin Obermeyer, CEO 604.666.3398	
52	<p>The Corporation should work with British Columbia Coast Pilots Ltd. (BCCP) to develop ongoing processes that address both short- and long-term demand for pilotage services, at a reasonable cost. (49–51)</p>	<p>The Corporation’s response. Agreed. One of the risks to the Corporation is the cost of calling pilots back from time off in order to fill the gap if there are insufficient pilots on the board for the day to meet the demand.</p> <p>The Corporation and BCCP have recently taken steps to manage the issue of pilot numbers and related costs, both in the</p>	<ul style="list-style-type: none"> The 2017 Strategic Plan has been modified to include an action of working with the BCCP to agree on manning requirements and the timing of new apprentice intakes. The BCCP service agreement was re-negotiated in 2015 and a callback cap was implemented. 	3 rd Q 2016	Completed 3 rd Q 2016	Pacific Pilotage Authority Kevin Obermeyer, CEO 604.666.3398	

		medium and long term. In addition, BCCP has hired an external firm to provide recommendations on pilot staffing to the company for implementation by 1 June 2016.					
55	The Corporation should ensure it receives from British Columbia Coast Pilots Ltd. complete, reliable, and timely information on pilot performance. The Corporation should also assign a role and responsibility for reviewing pilots' performance information, with the aim of ensuring proper oversight and follow-up actions as needed. (49, 53-54)	<p>The Corporation's response. Agreed. The Corporation has processes in place that allow the master of a vessel to provide feedback regarding the pilot's operational skills and competencies. As well, recently, pilots have started being assessed against the processes and effective use of the Bridge Resource Management (BRM) principles in accordance with the International Maritime Organization Resolution IMO A960. In order to ensure that the assessments are being done routinely and the Corporation is receiving the information from BCCP in a timely fashion, we will do the following commencing in 2016:</p> <ul style="list-style-type: none"> • All evaluation reports will be sent to the Corporation within 10 business days of the assessment's being completed. • The Pilot Training and Examination Committee (PTEC) will review all assessments on an annual basis, looking for areas of concern. • PTEC will determine what, if any, additional training will be required for a specific pilot with identified concerns. 	<ul style="list-style-type: none"> • The Pilot Training and Examination Committee (PTEC) of the Board will : <ul style="list-style-type: none"> - ensure pilot assessments are being sent to the PPA within 10 days of the assessment being conducted; - review each pilot's detailed assessment report; - report to the Board on the number of assessments conducted during the year and any training recommendations made by PTEC as a result of the assessments. 	2 nd Q 2016	Completed 2 nd Q 2016	Pacific Pilotage Authority Kevin Obermeyer, CEO 604.666.3398	
59	The Corporation should conduct a review every five years of the compulsory pilotage area under its responsibility. (56-58)	<p>The Corporation's response. Agreed. This was one of the requirements under the <i>Ministerial Review of Outstanding Pilotage Issues</i>, published in 1999. A full review of the complete coast was completed in 2005, as required, and took three people four months to complete. The Corporation agrees that this was not redone as required in 2010 and 2015, largely as a result of the financial situation and the need to cut costs wherever we</p>	<ul style="list-style-type: none"> • The 2017 Strategic Plan has been modified to include a five year review of the compulsory pilotage area. 	4th Q 2017	Ongoing	Pacific Pilotage Authority Kevin Obermeyer, CEO 604.666.3398	

		<p>could. This decision was supported by the industry we serve. We agree, however, that we were obliged to complete a review every five years as per the ministerial review. The Corporation will perform the assessment unless, through discussions with the Minister of Transport in 2016, the requirement is waived.</p>					
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