
AUDIT AND EVALUATION
DIRECTORATE

DIRECTION GÉNÉRALE
DE LA VÉRIFICATION
ET DE L'ÉVALUATION

AUDIT AND EVALUATION OF THE
CONTRIBUTION TO THE YUKON SALMON
SUB-COMMITTEE
PROJECT NUMBER 2004-65174
ADVISORY REPORT
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1.0 EXECUTIVE SUMMARY

The Salmon Sub-Committee, also referred to as the Yukon Salmon Committee (YSC) of the Yukon Fish and Wildlife Management Board, was created in 1993 pursuant to the comprehensive Land Claim Settlement in the Yukon, to which the Government of Canada was a signatory. It is funded by an annual contribution from DFO that increases each year by the Consumer Price Index. For 2004-05, the amount was \$198,100. and for 2005-06, it will be \$202,100.. Under the Umbrella Final Agreement (UFA), this Sub-Committee of the Yukon Fish and Wildlife Management Board was established as the main instrument of salmon management in the Yukon. The YSC may make recommendations to the Minister and to Yukon First Nations on all matters related to salmon, their habitats and management, including Legislation, research, policies and programs.

In accordance with Treasury Board's *Policy on Transfer Payments*, the approved Terms and Conditions for existing transfer payment programs would continue to apply until the earlier of their expiry date or March 31, 2005, at which point the Department must obtain Treasury Board approval to replace or renew such Terms and Conditions. The current Terms and Conditions do not have an expiry date. Consequently, the Terms and Conditions for the YSC contribution program must be renewed and an audit and evaluation of the YSC program is required.

The objectives of the project were to:

Audit

- assess the management control framework to ensure compliance, program effectiveness and financial integrity;
- assess the extent to which the program is administered in compliance with the Treasury Board *Policy on Transfer Payments*; and
- assess the financial controls in place to ensure payments are made in accordance with the Terms and Conditions of the applicable program.

Evaluation

- assess the relevance of the YSC in relation to DFO's mandate and priorities;
- determine the success of the delivery, outputs and outcomes of the YSC; and
- assess the cost effectiveness of the contribution program as a delivery agent for the YSC.

Key Audit Findings

- While the contribution program with the YSC was put in place in 1995 as part of the Umbrella Final Agreement, a contribution agreement between DFO and the YSC was not signed until July 2004. Until July 2004, the expenses for the Committee were being paid out of O&M funding for which there was no authority.
- Payments were not being made directly to the YSC until 2004/05 when a Contribution Agreement was put in place. Instead, funds were paid to third parties to cover expenses incurred by the YSC.
- The majority of the funds were paid directly to the Area Director for the Yukon Area in the form of travel advances and deposited to his personal bank account.

- Payments were made to the Committee members for travel expenses and honorariums from the Area Director's personal bank account. Documentation was examined for a two and one half year period, starting in April 2002, and supported these payments.
- After engaging the service of an external auditing firm, the audit concluded that there was no evidence of any personal material benefit for the individual handling the funds for the Committee.
- Regional and Headquarters Finance staff were aware of the process that was in place for this Program, noting that the latter had advised against the process. However, the proper framework was not put in place for administering the Program until July 2004 when a contribution agreement was signed with the YSC.
- DFO entered into a contribution agreement with the YSC in July 2004 for \$198,050., the maximum amount authorized for the Program, however, continued to make payments to third parties in 2004-05 on behalf of the Committee, exposing the Department to the risk of potentially having to cover that shortfall in the agreement, i.e. the amount not paid directly to the Committee.
- Proceeds from the sale of Salmon Conservation Catch Cards are deposited to a YSC bank account. There is no authority for the YSC to retain the proceeds from the sale of these cards. The balance in the bank account as of September 2004 was \$57K.
- The Regulations give the authority to the Minister to sell these cards.

Key Evaluation Findings

- The existence of the YSC is mandated by the Umbrella Final Agreement to be the main instrument for salmon management in the Yukon.
- The contribution program contributes to DFO's strategic objectives of a *Sustainable Fisheries and Aquaculture and a Healthy and Productive Aquatic Ecosystem*.
- Since its formation, the Committee has been active in all aspects of salmon management and assists the Department in achieving its mandate.
- There are no formal mechanisms in place to measure the success of YSC activities, however there is evidence that successes have been achieved.
- The absence of any mechanism to track the level of effort that DFO staff contributes to the YSC does not allow for a full costing of the YSC and limits the ability to assess the cost effectiveness of the Program.

Recommendations

1. The Director General, Pacific Region, should take steps to:
 - a. amend the Contribution Agreement entered into with the YSC to take into consideration the amounts already paid in 2004-05 in respect of the Committee outside of the agreement;
 - b. ensure that payments are made directly to the Yukon Salmon Sub-Committee and not to third parties on its behalf;
 - c. ensure that Travel Authority and Advance forms are approved by the position to which the employee reports; and
 - d. put in place a process to ensure that the Corporate Services Branch is consulted on any new or amended regulations to ensure that all financial implications are considered.
2. The Pacific Regional Director, Corporate Services, should ensure that due diligence is exercised in the administration of contribution programs, and that appropriate documentation, such as a signed Contribution Agreement, is obtained prior to payments being made.
3. The Pacific Regional Director, Corporate Services, and the Area Director, Yukon/Transboundary Office, should take steps to:
 - a. establish an appropriate framework for the administration of the Salmon Conservation Catch Card Program, including determining where the funds should be deposited after being received, i.e. the Consolidated Revenue Fund or to a YSC bank account, as well as ensuring there is an appropriate segregation of duties.
4. Because of control weaknesses identified in the Yukon/Transboundary Area Office, an audit of all activities currently undertaken in that office should be initiated by DFO's Audit and Evaluation Directorate.
5. The Area Director, Yukon/Transboundary Area, in consultation with Pacific Regional Office and National Headquarters, should develop a Results Based Management and Accountability Framework identifying a performance measurement strategy that would allow for an evaluation of the impact/success of the program.
6. The Area Director, Yukon/Transboundary Area Office, should conduct an assessment on the level of effort expended by DFO staff in providing technical and administrative support to the Committee.
7. "Administrative and technical support to the Committee" be defined and the maximum amount of time that DFO staff should be spending on YSC activities be clearly identified.

2.0 INTRODUCTION

The Salmon Sub-Committee, also referred to as the Yukon Salmon Committee (YSC) of the Yukon Fish and Wildlife Management Board, was created in 1993 pursuant to the comprehensive Land Claim Settlement in the Yukon, to which the Government of Canada was a signatory. It is funded by an annual contribution from DFO that increases each year by the Consumer Price Index. For 2004-05, the amount was \$198,100. and for 2005-06, it will be \$202,100.. Under the Umbrella Final Agreement (UFA), this Sub-Committee of the Yukon Fish and Wildlife Management Board was established as the main instrument of salmon management in the Yukon. The YSC may make recommendations to the Minister and to Yukon First Nations on all matters related to salmon, their habitats and management, including Legislation, research, policies and programs.

In June 2000, Treasury Board Secretariat issued a revised *Policy on Transfer Payments*. In accordance with the *Policy*, the approved Terms and Conditions for existing transfer payment programs would continue to apply until the earlier of their expiry date or March 31, 2005, at which point the Department must obtain Treasury Board approval to replace or renew such terms and conditions. The current Terms and Conditions do not have an expiry date. Consequently, the Terms and Conditions for the YSC contribution program must be renewed. In conjunction with this renewal, an audit and evaluation of the YSC program is required.

2.1 BACKGROUND

In May, 1993, the Umbrella Final Agreement (UFA) was entered into as part of a Comprehensive Yukon Land Claims Settlement recognizing and affirming certain aboriginal and treaty rights of the aboriginal peoples of Canada. The signatories to this agreement were the Minister of Indian and Northern Affairs on behalf of Canada, the Government Leader of the Yukon and the Chair of the Council for Yukon Indians.

Under the UFA, a Fish and Wildlife Management Board was established as the primary instrument of Fish and Wildlife management in the Yukon. Also under the UFA, a sub-committee, the YSC, of the Fish and Wildlife Management Board was established as the main instrument of salmon management in the Yukon. The YSC may make recommendations to the Minister and to Yukon First Nations on all matters related to salmon, their habitats and management, including Legislation, research, policies and programs.

The members of the YSC come from all parts of the Yukon and represent both First Nation and non-First Nation populations. The composition of the Committee is laid out in the UFA and is carefully structured to ensure diversity and balance. YSC members represent the Yukon Fish and Wildlife Management Board, Fisheries and Oceans Canada, and the First Nations of the Asek, Porcupine and Yukon River drainage basins.

As stipulated by the UFA, DFO provides technical and administrative support to the YSC, as required, to establish appropriate plans for Salmon management. A senior DFO official in the Yukon (Pacific Region) serves the YSC as its Executive Secretary.

In May 1993, the establishment of a contribution within DFO for the YSC was approved for implementing responsibilities pursuant to the Comprehensive Land Claim Settlements. Beginning in 1995-96, the YSC is funded by an annual contribution from DFO. In 2003-04 the total payments relating to the program amounted to \$193.1K.

2.2 OBJECTIVES AND SCOPE

The objectives of the audit were to:

- assess the management control framework to ensure compliance, program effectiveness and financial integrity;
- assess the extent to which the program is administered in compliance with the Treasury Board Policy on Transfer Payments; and
- assess the financial controls in place to ensure payments are made in accordance to the Terms and Conditions of the applicable program.

The objectives of the evaluation were to:

- assess the relevance of the YSC in relation to DFO's mandate and priorities;
- determine the success of the delivery, outputs and outcomes of the YSC; and
- assess the cost effectiveness of the contribution program as a delivery agent for the YSC.

The audit and evaluation was conducted in National Headquarters, the Pacific Regional Headquarters and the Yukon/Transboundary Area Office (Yukon Office). The initial scope of the project was to examine the contribution payments to the YSC, however after some preliminary work, the project team raised concerns over the management and control of the funding arrangements within the Yukon Office and broadened the scope of the project to include an examination of:

- the banking arrangements for the receipt and payment of funds for the YSC;
- the Salmon Conservation Catch Card Program; and
- the funding provided to the YSC through other DFO contribution programs.

2.3 METHODOLOGY

The following methodology was used by the audit and evaluation team:

- a review of documentation and reports relating to the delivery of the Program;
- a review of relevant Treasury Board and departmental documentation (e.g. policies and agreements);
- detailed testing and analysis of selected transactions made under the Program; and
- interviews with officials from DFO Headquarters, Pacific Regional Headquarters and the Yukon/Office, as well as members of the YSC.

3.0 OBSERVATIONS AND RECOMMENDATIONS

3.1 AUDIT FINDINGS

Overview

This section presents the findings relating to the audit component of the project. The findings are presented in line with the objectives as stated in section 2.2 of this report.

3.1.1 MANAGEMENT CONTROL FRAMEWORK

Overview

One of the objectives of the audit was to assess the management control framework to ensure compliance, program effectiveness and financial integrity of the YSC contribution program. A management control framework for a contribution program would normally consist of the legislation or appropriate authorities setting up a program; guidelines for administering the program, such as terms and conditions and a signed contribution agreement between DFO and the recipient. Policies and procedures and clear direction are also crucial parts of this framework.

Key Findings

Contribution Agreement Was Not Entered Into

Elements of a management control framework, such as legislative authority and terms and conditions for the contribution program with the YSC were in place since 1993, however, a Contribution Agreement between DFO and the YSC was not signed until July 2004. Consequently, the project team is unable to provide assurance that an adequate management control framework was in place to ensure compliance, program effectiveness, and financial integrity for the administration of the contribution payments to the YSC.

The contribution program created for the YSC gave DFO the authority to provide the Committee with contribution funding to implement its responsibilities under the Comprehensive Land Claims Settlement. Since the inception of the contribution arrangement, DFO has continually made payment out of O&M funds rather than contribution funding.

Payments Were Made to DFO Employee

The Terms and Conditions for the contribution program states that the Eligible Recipient for the contribution payments would be the Salmon Sub-Committee of the Yukon Fish and Wildlife Management Board. The YSC did not receive any direct payments from DFO (until 2004-05) in respect of the contribution arrangement. DFO disbursed funds to third parties for the Committee activities to pay for expenses (travel and honorariums) incurred by Committee members or for other expenses that would have been billed directly to DFO.

With the exceptions of a payment made to the Committee in 2004-05, all payments in respect of the YSC were paid to either the former Executive Secretary (DFO employee), now the current Area Director for the Yukon Office, who would then reimburse individual Committee members for their travel expenses or honorariums, or directly to suppliers for expenses incurred by the Committee.

Funds were paid to the employee by way of travel advances issued by DFO's Pacific Regional Headquarters. The employee would deposit the advances into his personal bank account. He would then issue cheques from this account to reimburse Committee members for their travel expenses related to Committee activities and honorariums for their time spent on YSC business. This method of disbursing funds and paying expenses in respect of the YSC is contrary to the provisions of the *Policy on Transfer Payments* and the *Financial Administration Act*. Not only is the process used contrary to policies and legislation but it also demonstrates unsound management practices.

No Evidence of Personal Gain

The practice of depositing public funds into an employee's personal bank account raises the question of the potential for personal gain. However, the Audit and Evaluation Directorate engaged an external auditing firm to examine this aspect of the project. The auditing firm concluded that there was no evidence that any material benefit had accrued to any individual through this method of accounting for funding relating to the YSC.

Regional and Headquarters Finance Were Aware of the Process

Both Regional and Headquarters Finance staff were aware of the process being used to administer the contribution arrangement with the YSC. HQ Finance had advised against using this process however it continued to be used. Pacific Region had proposed an alternative to this arrangement by having the contribution program replaced by a grants program but this never received approval from Headquarters or Treasury Board.

In 1996, a one year "Collaborative Agreement" was put in place between DFO and the YSC "... to provide funding to the Committee on an interim basis until long-term funding arrangements can be developed to fulfil its responsibilities as set out in the Final Agreements and Implementation Plans". Under this Agreement, the Executive Secretary received the payments "in trust" and disbursed them on behalf of the Committee. This is essentially the same arrangement that continued to exist until July 2004 when a contribution agreement was signed.

In 2001, the Review and Monitoring group within the Pacific Region's Corporate Services Branch conducted an on-site review and monitoring of financial policies in the Yukon office. The review commented on certain aspects of the YSC contribution, such as guidelines for appropriate expenditures, as well as, the perception of DFO's control over the YSC because of payments being made and approved by DFO and the lack of a formal contribution agreement. The review did not comment on the process of funds being paid to a DFO employee. It was noted in the report that, since the review, Treasury Board had subsequently approved DFO's

request that payments be considered as a grant and that this would alleviate the concerns being raised. There is no evidence that Treasury Board had approved a Grant Program for the YSC nor is it clear how this would have alleviated any concerns with how the YSC payments were being handled.

2004-05 Contribution Agreement Exceeds Authorized Amount

In 2004-05, DFO entered into a Contribution Agreement with the YSC for the first time since the program had been created in 1993. The Contribution Agreement states that DFO will contribute funds to the Recipient in an amount not to exceed a maximum of \$198,050. This is the full amount the Department has the authority to pay to the YSC for the 2004-05 fiscal year. The Contribution Agreement does not take into consideration the \$21,000. that had already been paid, in April 2004, to the Area Director as an advance for expenditures incurred by the Committee. In addition, DFO had paid approximately \$24,000. as of September 30, 2004, directly to suppliers on behalf of the YSC. Therefore, the Contribution Agreement amount is overstated by \$45,000.. DFO will have to enter into an amendment with the YSC to adjust the Contribution Agreement accordingly or risk the possibility of not having funds available within its authority to honour the Contribution Agreement with the YSC.

Arms Length Consideration

The YSC has very close ties with DFO in terms of its funding and the support it receives from departmental staff. In accordance with the terms of the Umbrella Final Agreement, DFO is responsible for providing administrative and technical support to the YSC, however there is some perception that the YSC is an arm of DFO. The manner in which the YSC has been managed over the years encourages this perception.

The Committee has no infrastructure in place to manage its own affairs, therefore it relies on DFO for all of its needs. Up until July 2004, funds in respect to the contribution arrangement were not paid directly to the YSC. DFO paid all expenses of the Committee, even having the former Executive Secretary (now Area Director for the Yukon Office) facilitate the payment process for YSC members by using his personal bank account.

The signing of a contribution agreement between DFO and the YSC should be a first step in distancing the relationship between the two parties. It will take a concerted effort on the part of the Committee to make itself more independent. Now that the YSC is receiving the funds directly from the Department, it will have to take responsibility for managing those funds. The Committee will now have to pay its own bills and not have DFO staff doing this on its behalf. The Committee will have to put in place a structure to do this.

The Committee could follow the manner in which it handled the contribution funding received from the Department through the Habitat Conservation and Stewardship Program. To handle some of the administrative functions for the Program, the Committee engaged the services of a bookkeeper. From our review of the handling of the funds received through the HCSP, the administration was handled in a satisfactory manner.

DFO staff will continue to provide administrative and technical support to the Committee, however, the level of effort to be attributed to this will have to be clearly defined and understood by all parties involved.

3.1.2 COMPLIANCE WITH TRANSFER PAYMENT POLICY

Overview

A second objective of the audit was to assess the extent to which the Program is administered in compliance with the Treasury Board's *Transfer Payments Policy*. As the payments in respect of the YSC have never been treated as part of a contribution arrangement, the payments cannot be assessed against any prescribed set of policies.

Terms and Conditions Must be Consistent with Policy

As the Terms and Conditions of the contribution arrangement for the Yukon Salmon Sub-Committee are being renewed, they must now be consistent with Treasury Board's Policy on *Transfer Payments* that went into effect in 2000. The Terms and Conditions for the YSC program that have been in existence since 1993 must be examined and brought in line with the current policy. The Terms and Conditions that were applicable for the Contribution to the YSC were adapted from ones that had been developed for the Department of Indian and Northern Affairs Canada. There are a number of weaknesses in the current Terms and Conditions which the Department will now have an opportunity to strengthen.

3.1.3 FINANCIAL CONTROLS

Overview

The third audit objective was to assess the financial controls in place to ensure payments are made in accordance with the Terms and Conditions of the application program. There were serious weaknesses identified in the financial controls over the payments to the YSC as well as deviations made from the prescribed Terms and Conditions for the arrangement that was in place. Terms and Conditions were laid out for administering the funds allocated to the YSC. The payments made in respect of the YSC were not treated as contribution payments. Nevertheless, when the contribution was established in 1993, whether the funds were paid as contributions or O&M, the guiding principles for the program set out in the Terms and Conditions should have been respected.

Catch Card Program Established Without Proper Financial Framework

During the course of the audit in the Yukon Office, it came to the project team's attention that a Salmon Conservation Catch Card Program (Catch Card) was implemented without the proper financial control framework in place to ensure the proper management and protection of funds.

In 1996, the YSC commissioned a review of the Yukon Territory salmon sport fishery. This study identified the need for a new licensing system that would provide an accurate and cost-effective method of assessing the annual harvest of salmon species. The YSC consulted with stakeholders and developed a proposal that would address the identified needs.

In 1997, the YSC proposed the Catch Card as a method of obtaining accurate catch and effort information from participants in the Yukon Salmon Sport Fishery. It was proposed that all Yukon residents and visiting sport fishers who wish to fish for salmon, be required to purchase a Yukon Territory Salmon Catch Record in addition to buying a Yukon Sport Fishing License.

In their 1998 recommendations to the Minister of Fisheries and Oceans, the YSC proposed the implementation of the Catch Card in the Yukon Salmon Sport Fishery. To ensure that the new licensing system is cost-effective, it was proposed that a salmon conservation fee be charged to all anglers wishing to fish salmon. The proposed fee schedule would mirror the Yukon Angling License with three fee categories: Yukon residents - \$10.00, Canadian residents - \$20.00 and non-residents - \$50.00. For seniors and minors less than 16 years old the Catch Card is free.

The primary objective of the sale of the Catch Card was to fund salmon management and enhancement programs not funded by the federal government. The plan was that any revenue in excess of the costs of operating would be used by the YSC to initiate and fund the establishment of these programs.

On the recommendation of the Minister, pursuant to sections 8 and 43a of the Fisheries Act, the Yukon Territory Fishery Regulations were amended to include the sale of Catch Cards. The new rules for salmon sport fishing in the Yukon came into effect April 1, 1999.

Proceeds From Sale of Catch Cards Deposited to YSC Bank Account

Salmon fishing in the Yukon falls under the jurisdiction of Minister of Fisheries and Oceans as it is a federal responsibility. The amended Yukon Fisheries Regulations provides the Minister with the authority to sell the Catch Cards. The proceeds from the sale of the Catch Cards were deposited to a bank account set up by the YSC.

The proceeds from the Catch Card sales are deposited to the YSC bank account, on a monthly basis, by a DFO employee. Four individuals have signing authority on the account, two YSC members and two DFO employees. Any amount withdrawn from the account must be signed by one Committee member and one DFO employee. DFO employees having signing authority on a YSC bank account creates a risk not only for the department but also places the employees at risk should funds disappear from the account.

At the time of the audit, it was estimated that \$68,238.15 was generated from the sales of the Catch Cards from the inception of the program in 1999. As of August 2004, the balance in the YSC bank account was \$56,842.69.

The YSC has not used the revenue generated other than for some of the expenses, such as vendors commissions, related to the operation of the program. In November 2000, the YSC purchased a Guaranteed Investment Certificates (GICs) in the amount of \$15,000. from the funds in the bank account. In May 2002, another GIC was purchased in the amount of \$10,000.. The interest earned on these GICs were deposited into the account.

Administration of the Salmon Conservation Catch Cards

The Catch Cards are administered by the licensing unit of the Yukon office. Since the inception of the Catch Card in 1999, a DFO employee distributes the cards to vendors already selling angling licenses. The following describes the process:

- cards are sent out to the vendors by mail and in some instances the employee will travel to some communities in the Yukon to sell the cards;
- an agreement is drawn for up for each vendor indicating the sequenced numbers being provided for the season. Vendors must sign the agreement acknowledging receipt of the serially numbered cards. The agreement is also signed by a DFO employee on behalf of the YSC;
- the information is entered into a database and is reconciled when vendors return their monthly statement of revenue form that accounts for cards sold and revenue collected;
- all cards not sold must be returned to DFO on or before December 10 of each year for the purposes of fulfilling the objective of the agreement;
- a reconciliation of Catch Cards distributed to vendors and those actually sold is carried out; and
- a commission 15% of card sales is paid to each vendor.

Segregation of Duties

Segregation of duties is an aspect of internal control to help prevent or decrease the occurrence of errors or irregularities. This is done by ensuring that no single individual has control over all phases of a transaction: authorization, receipt/deposit of funds, and record keeping. In the case of the administration of the Catch Cards, the same employee is responsible for all aspects of the program. The individual is responsible for:

- distributing the cards;
- receiving the revenue;
- depositing the revenue;
- reconciling the Catch Cards sold; and
- being a signatory on the YSC bank account.

Having one person responsible for all aspects of a program weakens the control over the operations and provides the opportunity for the potential misuse of funds. While there is no evidence of any wrong doing in the administration of the Catch Card Program, the centralization of duties with one individual is an unacceptable management practice.

Program Costs

The cost to DFO to administer the Catch Card Program since its inception in 1999 is estimated to be approximately \$187K. Expenses related to the program incurred are associated to advertising, a percentage salary for a DFO employee and operational expenses such as, printing, postage, banking fees, supplies, GST and vendors' commissions. A significant portion of the cost related to the Program is the development of a system for the administering the Program.

No Evidence of Finance Involvement

There is no evidence that Regional or Headquarters Finance staff were consulted during the process to set up the Catch Card Program. Although the appropriate process was followed to obtain the regulatory changes and the implementation of the Program, there was no consideration given to having the appropriate financial control framework in place.

If one of the objectives for the Program was to fund salmon management and enhancement projects funded by DFO then proper authority should have been sought to do this. One option would have been to seek Treasury Board authority to use the proceeds from the sale of the cards as contribution funding for the YSC to carry out salmon management and enhancement projects in the Yukon.

Audit Recommendations

It is recommended that:

- 1. The Director General, Pacific Region, take steps to:**
 - a. amend the Contribution Agreement entered into with the YSC to take into consideration the amounts already paid in 2004-05 in respect of the Committee outside of the agreement;**
 - b. ensure that payments are made directly to the Yukon Salmon Sub-Committee and not to third parties on its behalf;**
 - c. ensure that Travel Authority and Advance forms are approved by the position to which the employee reports; and**
 - d. put in place a process to ensure that the Corporate Services Branch is consulted on any new or amended regulations to ensure that all financial implications are considered.**
- 2. The Pacific Regional Director, Corporate Services, ensure that due diligence is exercised in the administration of contribution programs, and that appropriate documentation, such as a signed contribution agreement, is obtained prior to payments being made.**
- 3. The Pacific Regional Director, Corporate Services, and the Area Director, Yukon/Transboundary Office, take steps to:**
 - a. establish an appropriate framework for the administration of the Salmon Conservation Catch Card Program, including determining where the funds should be deposited after being received, i.e. the Consolidated Revenue Fund or to a YSC bank account, as well as ensuring there is an appropriate segregation of duties.**

- 4. Because of control weaknesses identified in the Yukon/Transboundary Area Office, an audit of all activities currently undertaken in that office be initiated by DFO's Audit and Evaluation Directorate.**

3.2 EVALUATION FINDINGS

This section provides a summary of the findings related to the evaluation of the project. The findings are reported upon based on the objectives of evaluation, the relevancy, success and cost effectiveness of the Program.

3.2.1 RELEVANCE

In evaluating the relevancy of the contribution to the YSC, it is necessary to determine whether the Program continue to be consistent with departmental and government-wide priorities and that it realistically addresses an actual need.

The existence of the YSC is mandated by the Umbrella Final Agreement to be the sole instrument for salmon management in the Yukon. This agreement was signed in 1993 and remains in force to this day. The authority for the contribution program within DFO was also established in 1993.

Relevance is the extent to which the contribution program with the YSC contributes to the objectives of the Department. DFO has three strategic objectives. The program with the YSC contributes to the *Sustainable Fisheries and Aquaculture, and Healthy and Productive Aquatic Ecosystem objectives*. In carrying out its role, the YSC makes recommendations to the Minister and to the Yukon First Nations on all matters related to salmon, their habitats and management, including Legislation, research, policies and programs. In addition, the Committee holds public consultations on matters affecting salmon and engages in communications activities. Since its formation, the YSC has been active in all aspects of salmon management and assists DFO in achieving its mandate.

3.2.2 SUCCESS

Success is measured by assessing whether the Program is effective in meeting its objectives within budget and without unwanted outcomes. In this regard, one can look at the primary objective of the YSC which is to contribute to the perseverance of the salmon stocks in the Yukon Territories.

To arrive at this ultimate outcome, the UFA in Section 16.7.11 has mandated the YSC to make recommendations to the Minister and the Yukon First Nations on all matters related to salmon, their habitat and management, including Legislation, research, policies and programs.

To determine the success of the Program it is necessary to examine the framework in which the YSC has been established. The project team examined DFO's activities for the Program and the outputs that flow directly from these activities.

DFO has primarily two main activities related to the YSC Salmon Committee. The Department contributes the funding for the Committee to operate and it also provides it with administrative

and technical support. With this support from DFO, the Committee is able to deliver the following outputs and immediate outcomes:

Meetings

The YSC meets on a regular basis, normally 5-6 times a year where discussions take place on salmon management issues. The meetings are well documented and the results of the meeting are posted on the Committee's web site. In addition to its regular meetings there are ad hoc public meetings to discuss pressing issues in the Yukon relating to salmon and its habitat. These meetings are advertised through local media outlets.

Providing Advice and Recommendations to the Minister

This is the most important role that the Committee fulfills. The mandate outlined in the Umbrella Final Agreement outlines the role of the YSC in so far as the recommendations that it can make. Some of the areas that the Committee can make recommendations on are:

- all matters related to Salmon, their habitats and management, including Legislation, research, policies and programs;
- the need for, and on the content and timing of Salmon Harvesting and management plans;
- the need for, and on a position on, inter-jurisdictional agreements affecting the Use of Yukon Salmon resources; and
- new opportunities and proposed management measures for commercial Uses of Salmon.

A significant recommendation the Committee made to the Minister was the implementation of the Salmon Conservation Catch Card. Despite the administrative concerns described previously in this report, the Card is considered a major accomplishment of the YSC.

In 1996, the YSC commissioned a review of the Yukon Territory salmon sport fishery. This study identified the need for a new licensing system that would provide an accurate and cost-effective method of assessing the annual harvest of salmon species. The YSC consulted with stakeholders and developed a proposal that would address the identified needs.

The Yukon salmon sport fishery impacts directly upon the Yukon's salmon resources, however, little data regarding the fishery was available to fishery managers. At the time, data regarding the number of anglers who participate in the salmon fishery, the number, sex and species of fish caught, released or retained, the locations where salmon sport fishing occurred, the number of tagged fish intercepted in the sport fishery, gear types used etc. was extremely limited. Without access to this type of information, managers had an incomplete picture of the impacts placed on Yukon salmon stocks, and therefore were unable to make fully informed decisions regarding the conservation and management of individual stocks.

In 1997 the YSC proposed the Salmon Conservation Catch Card as a method of obtaining accurate catch and effort information from participants in the Yukon Salmon Sport Fishery. The information collected from the Catch Cards would provide fishery managers with information they require to ensure that high quality angling opportunities continue to be available to both Yukon residents and visitors. To achieve this end, it was proposed that all Yukon and visiting

sport fishers who wish to fish for salmon, be required to purchase a Yukon Territory Salmon Catch Record in addition to buying a Yukon Sport Fishing License.

In their 1998 recommendations to the Minister of Fisheries and Oceans, the YSC proposed the implementation of the Salmon Conservation Catch Card in the Yukon Salmon Sport Fishery. To ensure that the new licensing system is cost-effective, it was proposed that a salmon conservation fee be charged to all anglers wishing to fish salmon. On the recommendation of the Minister, the Yukon Territory Fishery Regulations were amended to include the sale of Salmon Conservation Catch Cards. The new rules for salmon sport fishing in the Yukon came into effect April 1, 1999.

Another significant area where the Committee makes recommendations is on the implementation of the Integrated Fisheries Management Plans for the Yukon. This is done after series of meetings and public consultations.

The Committee also made recommendations to the Minister on an approach to the retirement of licences in the commercial fishery, in order to meet the obligation to provide eight commercial licences to Yukon First Nations.

Public Consultation

The project team found that while there were some formal recommendations made to the Minister, the Committee works more cooperatively with First Nations and government to achieve its objectives. This is done through public consultation with DFO and other stakeholders. Some examples of public consultations are:

Currently conducting public consultations with the issue of aquaculture, prior to making a recommendation to the Minister.

Each year, the YSC conducts extensive public consultations on the Integrated Fisheries Management Plans for salmon on the Yukon and Alsek Rivers, and upon the completion of the development of these plans, recommend to the Minister that they be implemented. These consultations include public meetings in various communities throughout the Yukon. The Committee seeks input from individual First Nations and Renewable Resources Councils. As well, the Committee seeks to engage domestic, aboriginal, commercial and recreational fishers in the development of IFMPs, through the creation of Working Groups for each drainage basin.

In accordance with the Umbrella Final Agreement, the YSC shall be granted standing as an interested party to participate in the public proceedings of any agency, board or commission dealing with matters that affect the management and conservation of Salmon or their habitat in the Yukon. YSC has used this clause to gain standing to participate in the Yukon Placer

Authorization review process. In addition, the YSC has become involved in the Faro Technical Advisory Committee, which is active in developing a reclamation plan for the abandoned Faro mine. Both of these initiatives impact salmon habitat in the Yukon.

Communications/Awareness

A key element of the function of the Committee is to create awareness and communicate to the public of the state of the salmon stocks and habitat in the Yukon. There are a number of ways in which the Committee is achieving success in this area. The make up of the Committee, with representatives from the three river drainage basins in the Yukon, provides an opportunity to disseminate the message to communities on salmon management. In addition, the YSC web site provides a venue for informing the public of its activities and initiatives.

From 2000 to 2003, the YSC participated in the Habitat Conservation and Stewardship Program, a DFO contribution program put in place to carry out habitat projects and habitat awareness in the Region. This was a highly regarded program by all parties involved in it and received great public support. YSC's involvement in this program enhance its own and DFO's visibility in the Yukon.

The YSC targets young people in getting its message out on salmon management. An annual contest is held for school age children which encourages them to learn about salmon. The Committee solicits sponsorships/awards from the private sector.

3.2.3 COST EFFECTIVENESS

The absence of any mechanism to track the level of effort that DFO staff contribute to the YSC, does not allow for a full costing of the YSC and limits the ability to assess the cost effectiveness of the Program.

The YSC is funded entirely by DFO. The Department provides annual funding to the Committee of approximately \$190K as set out in the appropriate program approval document. In addition, in accordance with the Umbrella Final Agreement, the Department provides technical and administrative support to the committee as required to determine appropriate plans for Salmon management, and a senior official of the Department serves the Committee as Executive Secretary. The Committee relies totally on DFO for all of its administrative requirements.

There is no analysis of the amount of time spent by DFO staff in administering or supporting the YSC. The program approval document establishes the authority for the funding to the YSC but does not indicate the level of support that the Department should be providing to the Committee.

The Acting Regional Negotiator for the Yukon Area Office is the current Executive Secretary for the YSC. The Executive Secretary manages all aspects of the YSC, including maintaining an office, drafts letters, maintains web site, books all travel, arranges meetings, follow-up to decisions taken at meetings, and be the primary liaison between DFO and the Committee. While there is no formal tracking of time spent by the Executive Secretary on Committee activities, there is a sense that this task is a full time requirement.

In addition to the Executive Secretary, there is also a Program Manager assigned to serving the needs of the YSC. As is the case with the Executive Secretary's position, there is no tracking of the time spent on YSC activities. It was estimated that about 85% of the Program Manager's time is spent on YSC activities.

As well as the time spent on providing administrative support to the YSC, most other branches in the Area office provide some type of support to the Committee. For example, staff of Stock Assessment, Habitat, Aboriginal Fisheries and Conservation and Protection all have some degree of involvement with the YSC in providing advice or support.

Recommendations

It is recommended that:

- 5. The Area Director, Yukon/Transboundary Area, in consultation with Pacific Regional Office and National Headquarters, develop a Results Based Management and Accountability Framework identifying a performance measurement strategy that would allow for an evaluation of the impact/success of the program.**
- 6. The Area Director, Yukon/Transboundary Area Office conduct an assessment on the level of effort expended by DFO staff in providing technical and administrative support to the Committee.**
- 7. "Administrative and technical support to the Committee" be defined and the maximum amount of time that DFO staff be spending on YSC activities be clearly identified.**

4.0 MANAGEMENT ACTION PLAN

RECOMMENDATIONS	MANAGEMENT ACTION PLAN	OFFICER OF PRIME INTEREST	INITIAL TARGET DATE
<p>1. The Director General, Pacific Region, take steps to:</p> <p>a. amend the Contribution Agreement entered into with the YSC to take into consideration the amounts already paid in 2004-05 in respect of the Committee outside of the agreement;</p> <p>b. ensure that payments are made directly to the Yukon Salmon Sub-Committee and not to third parties on its behalf;</p> <p>c. ensure that Travel Authority and Advance forms are approved by the position to which the employee reports; and</p> <p>d. put in place a process to ensure that the Corporate Services Branch is consulted on any new or amended regulations to ensure that all financial implications are considered.</p>	<p>2004/05 agreement and payments have been finalized. Formal amendment not required after the fact.</p> <p>All payments will be made directly to the Yukon Salmon Committee.</p> <p>A new process is in place and this instrument will not be used for payment to the YSC.</p> <p>Process is in place that any new or amended regulation that involve financial issues will be forwarded to Regional Director of Corporate for their review prior to forwarding to Ottawa.</p>	<p>RD Corporate</p> <p>Area Director</p> <p>Area Director</p> <p>Area Director/RD Corporate</p>	<p>Completed</p> <p>May 31, 2005</p> <p>May 31, 2005</p> <p>May 31, 2005</p>

RECOMMENDATIONS	MANAGEMENT ACTION PLAN	OFFICER OF PRIME INTEREST	INITIAL TARGET DATE
<p>2. The Pacific Regional Director, Corporate Services, ensure that due diligence is exercised in the administration of contribution programs and that appropriate documentation, such as a signed contribution agreement, is obtained prior to payments being made.</p>	<p>Agreement will be prepared as per the Transfer Payment Policy; incorporating the approved T & C's from the Treasury Board Submission. Process in place that involves input and consultation between Corporate Services and the Yukon Area.</p>	<p>AD Yukon/RD Corporate</p>	<p>Ongoing</p>
<p>3. The Pacific Regional Director, Corporate Services, and the Area Director, Yukon/Transboundary Office, take steps to:</p> <p>a. establish an appropriate framework for the administration of the Salmon Conservation Catch Card Program, including determining where the funds should be deposited after being received, i.e. the Consolidated Revenue Fund or to a YSC bank account, as well as ensuring there is an appropriate segregation of duties.</p>	<p>Pacific Region staff will review options in consultation with NHQ counterparts to facilitate the intent of the Salmon Catch Card program.</p>	<p>Area Director/Director of Corporate and NHQ</p>	<p>December 31, 2005</p>
<p>4. Because of control weaknesses identified in the Yukon / Transboundary Area Office, an audit of all activities currently undertaken in that office be initiated by DFO's Audit and Evaluation Directorate.</p>	<p>The region supports a follow up audit in the Yukon Area. Terms of Reference should be developed by the Audit and Evaluation Directorate that outlines the specific audit objectives and ensures there is not duplication with the audit work recently completed (e.g. the Contribution audit, the recently completed travel and hospitality audit etc.).</p>	<p>NHQ Audit and Evaluation Directorate</p>	<p>Q3 - 2005-2006</p>

RECOMMENDATIONS	MANAGEMENT ACTION PLAN	OFFICER OF PRIME INTEREST	INITIAL TARGET DATE
<p>5. The Area Director, Yukon/Transboundary Area, in consultation with Pacific Regional Office and National Headquarters, develop a Results Based Management and Accountability Framework identifying a performance measurement strategy that would allow for an evaluation of the impact/success of the program.</p>	<p>The RMAF/RBAF and T & C's have been completed and have been submitted to TB for comments. A 2nd draft of the TB submission has been completed and has been submitted to NHQ.</p>	<p>Area Director</p>	<p>April 12, 2005/ awaiting approval.</p>
<p>6. The Area Director, Yukon/Transboundary Area Office conduct an assessment on the level of effort expended by DFO staff in providing technical and administrative support to the Committee.</p>	<p>Area will look at the level of effort dedicated to the agreement for the past fiscal year. Will define level of effort as part of business planning for 2005-2006.</p>	<p>Area Director</p>	<p>May 31, 2005</p>
<p>7. "Administrative and technical support to the Committee" be defined and the maximum amount of time that DFO staff should be spending on YSC activities be clearly identified.</p>	<p>Technical and administrative support will be reviewed in a historical context to determine level of effort for YSC in an average season.</p>	<p>Area Director</p>	<p>October 31, 2005</p>