



Niagara Peninsula Conservation Authority (NPCA) Special Report by the Auditor General of Ontario—September 27, 2018

Why We Did This Audit

- In light of mounting criticisms of the NPCA, the Standing Committee on Public Accounts of the Legislative Assembly asked us to do a value-for-money audit of the NPCA.
- The NPCA is one of 36 conservation authorities in Ontario. Conducting work on the NPCA could provide guidance for governance and operational issues that may be affecting other conservation authorities.

Why It Matters

- Legislation gives conservation authorities a broad mandate. As a result, there is a lack of common understanding of the role of the authorities in managing natural resources.
- Without resolution of the concern around the NPCA's operations, it has been unable to regain public trust.
- Conservation authorities have an important role to play in delivering deliver programs and services to manage natural resources and protect people and property from water-related natural hazards such as floods and erosion. Ninety per cent of Ontarians live in areas managed by a conservation authority.

What We Found

Governance

- Conservation authorities are governed by boards of directors whose members are appointed by the municipalities that provide funding to the authorities. This often puts Board members in a difficult position when municipal development interests conflict with the conservation of the natural resources the authorities are required to protect. Under Section 2(3) of the *Conservation Authorities Act*, "Board members have the authority to vote and generally act on behalf of their respective municipalities."
- While NPCA Board policies comply with the legislated governance framework, the Board's policies and practices are not aligned with leading governance practices, which has limited the effectiveness of the Board's oversight of the NPCA.
- We found instances of Board members being involved in the NPCA's day-to-day operations. Any degree of board involvement in day-to-day operations is inappropriate because it compromises the board's objectivity in fulfilling its oversight role, and can negatively impact staff decision-making and morale.
- The province and municipalities share responsibility for overseeing conservation authorities. However, neither is involved to the extent necessary to assess how well conservation authorities are fulfilling their mandate.

Operations

- The NPCA does not have complete and up-to-date information about flood risks within the areas in its jurisdiction. Specifically, the NPCA does not have floodplain maps for over half of the watercourses in its jurisdiction, and almost one-quarter of the existing maps are outdated. Maps are used to review and make decisions on development proposals and work-permit applications, and to forecast floods.
- The NPCA proposed a pilot project to allow provincially significant wetlands in Thundering Waters to be destroyed and to recreate the wetlands (three times as large) elsewhere to facilitate development. However, the NPCA had not studied the site's eco-system to determine if it contained unique features that cannot be replicated. The Province did not give support for the proposed pilot project. We understand that the development now being planned will not occur on provincially significant wetlands.
- Impacted by staffing reductions, the NPCA is taking longer to complete reviews of development proposals and work-permit applications than in 2013.
- Although at least 423 reports of suspected violations from 2013 to 2017 were received by the NPCA, the Authority does not consistently respond to complaints about potential violations within its jurisdiction or track enforcement actions. One-quarter of the complaints we reviewed about possible Act violations between 2013 and 2017 were still open. Timely enforcement action is important because the NPCA has only two years to take legal action, if needed.

- The NPCA did not establish clear goals for its former restoration program and cancelled this program in 2017. Restoration projects between 2013 and 2017 were not mainly directed to the two areas of NPCA concern (poor surface water quality and lack of forested areas).
- NPCA obtained \$3 million from Ontario Power Generation in 2007 to spend by 2012 to improve the health of the Welland River (e.g., tree-planting and wetlands restoration). To date, the NPCA has spent only \$1.45 million of the \$3 million, but was unable to identify any specific details about the projects undertaken and whether they helped improve the health of the Welland River.
- The NPCA has not developed a long-term plan for its staffing needs. Between 2012 and 2017, it implemented four organizational restructurings (under four Chief Administrative Officers), which were both costly (over \$1.3 million in severance) and short-sighted. Our survey of and interviews with staff found that half of the NPCA employees had a negative view of the workplace.
- Administrative spending by the NPCA increased 49% between 2012 and 2017, while spending on watershed services and management of conservation areas dropped by 18% over the same period. Just over one-third of NPCA staff (37%) worked in watershed services as of May 2018, compared to over half (55%) in 2012.
- In more than half of the \$3.8 million in purchases between 2013 and 2017 that we reviewed, the NPCA did not adhere to its own policies for the competitive acquisition of goods and services.
- Given increases to planned capital spending, the NPCA needs to better detail needs and cost.

Conclusions

- The NPCA over the last few years has taken steps to improve its business function and has several initiatives under way. However, our audit identified a number of opportunities for further improvement to ensure that the NPCA delivers its programs and services to manage natural resources and protect people and property from water-related natural hazards economically, efficiently and in accordance with relevant legislation, regulations, agreements and policies.
- The NPCA does not have effective processes to measure, assess and publicly report on the operational effectiveness of its programs and services.
- Municipal priorities sometimes conflict with the authorities' interests, especially as municipalities that provide funding to the authorities also appoint members to the authorities' boards of directors.
- Conservation authorities need more direction from the Province to clarify priorities and ensure consistency in programs and services across Ontario.

Visit www.auditor.on.ca to read the Report.

 @OntarioAuditor