



Fall 2016

Reports of the Commissioner of the Environment and Sustainable Development

REPORT 3

Departmental Progress in Implementing Sustainable
Development Strategies



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

OAG

Performance audit reports

This report presents the results of a performance audit conducted by the Office of the Auditor General of Canada under the authority of the *Auditor General Act*.

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- report both positive and negative findings,
- conclude against the established audit objectives, and
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Cat. No. FA1-2/2016-2-3E-PDF
ISBN 978-0-660-06130-6
ISSN 1495-0782

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Introduction

Background

Sustainable development strategies

3.1 The Government of Canada has committed to **sustainable development** at both federal and departmental levels. In 2008, the *Federal Sustainable Development Act* was passed, requiring the federal government to develop a strategy intended to make environmental decision making more transparent and accountable to Parliament. Updated every three years, the Federal Sustainable Development Strategy provides a government-wide perspective on environmental and sustainable development priorities, goals, targets, and implementation strategies. The government presented to Parliament its first Federal Sustainable Development Strategy in 2010, covering the 2010–2013 period, and another federal strategy in 2013, covering the 2013–2016 period.

3.2 The 2013 federal strategy also lists 26 departments and agencies that are required to develop their own sustainable development strategies under the *Federal Sustainable Development Act*. These departmental strategies must contribute to the overall goals of the federal strategy and contain their own objectives and plans. They are meant to be an important way of driving responsible management, from an environmental and sustainable development perspective, throughout the federal government.

The Cabinet directive and strategic environmental assessment

3.3 In 1999, Cabinet issued the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals, which built on a directive issued in 1990. The Cabinet directive, supported by related guidelines, is the federal government's official policy on **strategic environmental assessment**, requiring federal departments and agencies to consider environmental concerns at the strategic decision-making level when developing policies, plans, and programs. It strengthens the role of

Sustainable development—Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Source: *Federal Sustainable Development Act*

Strategic environmental assessment—An environmental assessment of proposed policies, plans, and programs, which seeks to incorporate environmental considerations into the development of public policies and strategic decisions. It also serves to strengthen accountability and provide greater public confidence that the federal government considers potential environmental impacts when making decisions.

Source: Strategic Environmental Assessment: The Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals: Guidelines for Implementing the Cabinet Directive, 2010

strategic environmental assessment by clarifying obligations of departments and agencies and linking environmental assessment to the implementation of sustainable development strategies.

3.4 The 2010 Federal Sustainable Development Strategy made a commitment to strengthen the application of strategic environmental assessments. That same year, the guidelines supporting the Cabinet directive were updated, indicating that each minister is responsible for ensuring that their policies, plans, and programs are consistent with the government's broad environmental objectives and sustainable development goals, as laid out in the federal strategy. Specifically, the Cabinet directive and its related guidelines require departments and agencies to

- consider federal strategy goals and targets when undertaking strategic environmental assessments,
- report publicly on the extent and results of strategic environmental assessment practices, and
- describe the link to federal strategy goals and targets in public statements about strategic environmental assessments.

Why we did this audit

3.5 The Commissioner of the Environment and Sustainable Development is required under section 23 of the *Auditor General Act* to monitor and report annually on how well departments and agencies have met their objectives and implemented the plans set out in their sustainable development strategies. This includes their contributions to meeting the targets outlined in the federal strategy.

3.6 In 2013, to fulfill this statutory requirement, the Commissioner developed a multi-year audit strategy to cover all 26 departments and agencies required to contribute to the federal strategy. The Commissioner's strategy focuses on

- the application of the Cabinet directive and its related guidelines by departments and agencies, and
- their progress in meeting commitments to strengthen strategic environmental assessment practices.

Commissioner's past audit work

3.7 This is the Commissioner's fourth annual report on strategic environmental assessment practices. The 2013 audit concluded that three of the five selected departments had made satisfactory progress in meeting their commitments to update internal guidance on their strategic environmental assessment practices and to report on them.

3.8 The 2014 audit found that except for proposals sent to individual ministers, four of the five selected departments (different from those audited in 2013) had systems in place to apply the Cabinet directive to

policy, plan, and program proposals. In addition, it concluded that four of the five selected departments had made satisfactory progress against their commitments to strengthen their strategic environmental assessment practices.

3.9 While the 2013 and 2014 audits focused primarily on systems and practices, the 2015 audit focused on results. The audit concluded that the four selected entities (different from those previously audited) did not adequately apply the Cabinet directive and its related guidelines to proposals. It also concluded that the entities did not adequately report on the extent and results of their strategic environmental assessment practices. Finally, it concluded that the entities did not make satisfactory progress in meeting sustainable development strategy commitments to strengthen these practices.

Focus of the audit

3.10 This audit examined whether the Department of Justice Canada, National Defence, Parks Canada, Public Services and Procurement Canada, and Veterans Affairs Canada adequately

- applied the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals and its related guidelines to policy, plan, and program proposals submitted for approval to an individual minister or to Cabinet, including Treasury Board;
- reported on the extent and results of their strategic environmental assessment practices as required by the Cabinet directive and its related guidelines; and
- met their departmental sustainable development strategy commitments and the Federal Sustainable Development Strategy commitment to strengthen their strategic environmental assessment practices.

3.11 This audit is important because the government must have relevant information on environmental, economic, and social factors to make informed decisions that support sustainable development. This is particularly important for ministers of federal departments and agencies, whose decisions on government policies, plans, and programs can significantly affect the health and well-being of Canada's economy, society, and environment. It is also important for stakeholders and the public to be assured that ministers receive information about potential important environmental effects, which they should factor into the decisions they make.

3.12 More details about the audit objective, scope, approach, and criteria are in **About the Audit** at the end of this report (see pages 23–25).

Findings, Recommendations, and Responses

Applying the Cabinet directive

Overall message



3.13 Overall, we found that the Cabinet directive was not applied to most policy, plan, and program proposals. Only Parks Canada was successful in applying the Cabinet directive to policy, plan, and program proposals. None of the other entities consistently applied it to proposals submitted to their individual ministers. We also found that the Cabinet directive was applied to only 23 percent of proposals submitted for approval to Cabinet. Veterans Affairs Canada did not apply the Cabinet directive to any proposals they directed to a minister or Cabinet. The entities we reviewed were successful in meeting the selected requirements of the Cabinet directive for most preliminary scans we reviewed.

3.14 This is important because ministers need to receive complete and timely information on the potential important environmental effects of the proposals they are considering for approval. In addition, ministers need to ensure that their policies, plans, and programs are consistent with the government's broad environmental objectives and sustainable development goals and targets, as set out in the Federal Sustainable Development Strategy.

Context

3.15 The Cabinet directive requires departments and agencies to conduct a strategic environmental assessment of a policy, plan, or program proposal when the following two conditions are met:

- the proposal is submitted for approval to an individual minister or to Cabinet; and
- implementing the proposal may result in important environmental effects, either positive or negative.

The Cabinet directive also encourages departments and agencies to conduct strategic environmental assessments for other policy, plan, or program proposals when circumstances warrant.

3.16 The related guidelines recognize that there may be special cases for which no strategic environmental assessment is required:

- when proposals are prepared in response to a clear and immediate emergency that does not give time for an assessment;
- when the matter is of such urgency (for example, a matter involving the economy or a particular industrial sector) that the normal process of Cabinet consideration is shortened; and

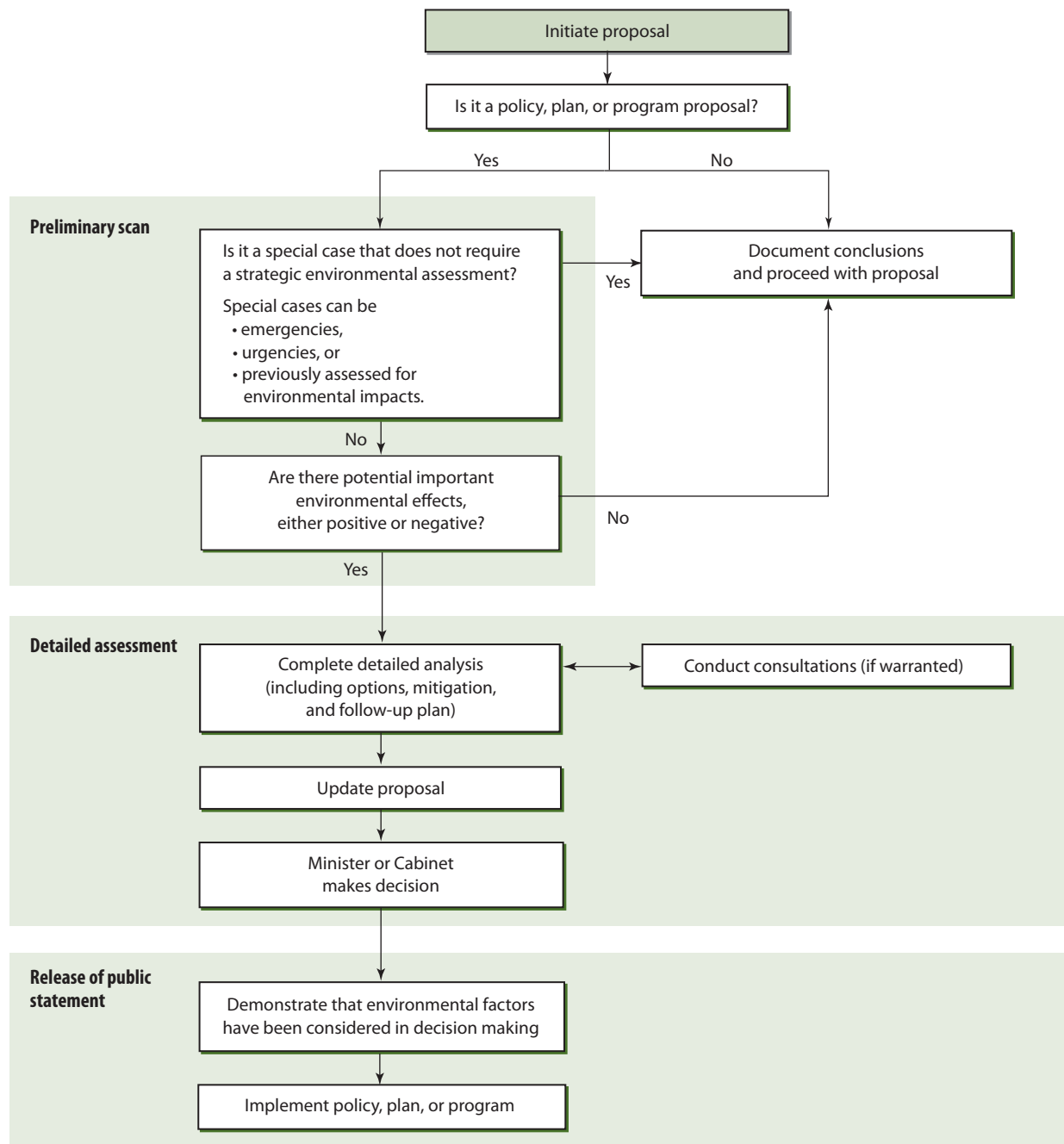
- when issues have previously been assessed for their environmental impacts or as a project under the *Canadian Environmental Assessment Act, 2012*.

3.17 A strategic environmental assessment must be a written or documented process. The Cabinet directive and its related guidelines give a department or agency the flexibility to develop its own process. Even so, the guidelines do set out a multi-step process for systematically analyzing and documenting strategic environmental assessments (Exhibit 3.1).

3.18 In assessing proposals for potential important environmental effects, departments and agencies are required to

- begin assessments early in the conceptual planning stages of the proposal, before irreversible decisions are made;
- assess proposals for potential important positive and negative environmental effects;
- consider whether outcomes could affect any goal or target of the Federal Sustainable Development Strategy; and
- properly integrate environmental considerations into the development of proposals.

Exhibit 3.1 Steps to be applied by departments and agencies to assess environmental effects when developing policy, plan, or program proposals



The Cabinet directive was not applied to most policy, plan, and program proposals

What we found

3.19 We found that the Cabinet directive was not applied to most of the 263 policy, plan, and program proposals submitted for approval to individual ministers. Only Parks Canada was successful in consistently applying it to proposals submitted to its Minister. Public Services and Procurement Canada applied the directive to one proposal. The other selected entities either did not assess their proposals or could not provide evidence that they had assessed them for potential important environmental effects, as required by the Cabinet directive.

3.20 We also found that the Cabinet directive was applied to only 23 percent of the 243 policy, plan, and program proposals submitted for approval to Cabinet. The Department of Justice Canada, Parks Canada, and Public Services and Procurement Canada applied the Cabinet directive to most of their proposals. However, National Defence applied it to only 4 of its 122 proposals, while Veterans Affairs Canada could not provide evidence that it had applied it to any of its 44 proposals.

3.21 Our analysis supporting this finding presents what we examined and discusses

- applying the Cabinet directive to proposals submitted to individual ministers, and
- applying the Cabinet directive to proposals submitted to Cabinet.

Why this finding matters

3.22 This finding matters because ministers need to know about the potential important environmental effects of each of their decisions. By knowing about the potential environmental effects of government policies, plans, or programs before they are implemented, decision makers can anticipate, prevent, or mitigate any potential negative environmental effects and enhance benefits.

Recommendation

3.23 Our recommendation in this area of examination appears at paragraph 3.32.

Analysis to support this finding

3.24 **What we examined.** We asked each of the five selected entities to provide a list of all policy, plan, and program proposals submitted for approval to individual ministers or to Cabinet between January 2013 and December 2015. We also asked each of them for a list of all **preliminary scans** and detailed strategic environmental assessments that were

Preliminary scan—A screening of proposals for potential important environmental effects, which can be either positive or negative. If important environmental effects are identified, a detailed strategic environmental assessment is required.

Source: Strategic Environmental Assessment: The Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals: Guidelines for Implementing the Cabinet Directive, 2010

conducted over the same period. We then compared information we received on the proposals with information we received on the entities' scans and detailed assessments to determine whether entities had completed a scan or a detailed assessment for each proposal, as required by the Cabinet directive.

3.25 All of the entities compiled the information in response to our request, and we received lists of ministerial proposals identified by them. While these entities have systems in place to track documents submitted to their ministers, we were told that these systems did not differentiate between proposals that were subject to the Cabinet directive and those that were not. As a result, compiling a list of proposals subject to the Cabinet directive required an extensive manual search.

3.26 **Applying the Cabinet directive to proposals submitted to individual ministers.** We found that except for Parks Canada, the selected entities did not, as was required, consistently apply the Cabinet directive to their policy, plan, and program proposals submitted for approval to their individual ministers between January 2013 and December 2015. Public Services and Procurement Canada applied the directive to one proposal, while the other entities did not apply it to any proposals (Exhibit 3.2).

3.27 One example where the Cabinet directive was not applied was a proposal to transition the *Canada Gazette*, whose printing is the responsibility of Public Services and Procurement Canada, from a traditional print publication to an exclusively electronic one. As part of the Department's contribution to the Deficit Reduction Action Plan,

Exhibit 3.2 Government entities did not apply the Cabinet directive to most policy, plan, and program proposals submitted between January 2013 and December 2015

Entity	Proposals submitted to an individual minister for final approval		Proposals submitted to Cabinet (including Treasury Board) for final approval	
	Number of proposals*	Cabinet directive applied	Number of proposals*	Cabinet directive applied
Department of Justice Canada	52	0	55	34
National Defence	151	0	122	4
Parks Canada	44	41	10	8
Public Services and Procurement Canada	8	1	12	10
Veterans Affairs Canada	8	0	44	0
Total	263	42 (16%)	243	56 (23%)
* Entities provided this data in response to our request. We did not audit these numbers for completeness.				

this initiative, aimed at eliminating the print version of the *Canada Gazette*, would provide a savings of \$300,000 per year. In our opinion, due to the potential important positive environmental impact of this initiative as well as its links to goals and targets of the Federal Sustainable Development Strategy, the Cabinet directive should have been applied.

3.28 Parks Canada was able to show that it had consistently applied the Cabinet directive to proposals submitted for approval to its Minister. It also identified areas of its work in which proposals must proceed directly to a detailed strategic environmental assessment. For example, Parks Canada moves directly to a detailed strategic environmental assessment when completing any **species at risk** recovery strategy.

3.29 As encouraged by the Cabinet directive, Parks Canada also adapted the requirements of the Cabinet directive to proposals that did not require the approval of its Minister or of Cabinet if such an assessment optimized environmental benefits or minimized negative effects. This means that Parks Canada extended the principles of the Cabinet directive and considered potential important environmental effects for some proposal decisions made below the ministerial level.

3.30 **Applying the Cabinet directive to proposals submitted to Cabinet.** We found that the selected entities applied the Cabinet directive to only 23 percent of the 243 policy, plan, and program proposals submitted for approval to Cabinet (Exhibit 3.2).

3.31 The Department of Justice Canada, Parks Canada, and Public Services and Procurement Canada applied the Cabinet directive to most of the proposals they submitted for approval to Cabinet. However, National Defence applied the Cabinet directive to only 4 of its 122 proposals, while Veterans Affairs Canada could not provide evidence that it had applied it to any of its 44 proposals.

3.32 **Recommendation.** The Department of Justice Canada, National Defence, Public Services and Procurement Canada, and Veterans Affairs Canada should apply the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals to all policy, plan, and program proposals submitted for approval to their individual ministers or to Cabinet, as required.

Species at risk—A wildlife species that

- exists no longer in the wild in Canada, but elsewhere in the wild (“extirpated species”);
- faces imminent extirpation or extinction (“endangered species”);
- is likely to become endangered if nothing is done to reverse the factors leading to its extirpation or extinction (“threatened species”); or
- may become threatened or endangered because of a combination of biological characteristics and identified threats (“species of special concern”).

Source: *Species at Risk Act*

The Department of Justice Canada's response. Agreed. The Department of Justice Canada will build on the tools and practices currently in place for proposals submitted for approval to Cabinet by applying the Cabinet directive consistently to policy, plan, and program proposals submitted for approval to the Minister or Cabinet.

National Defence's response. Agreed. National Defence will review and update its existing policy and guidance documents related to strategic environmental assessment to support consistent application of the Cabinet directive. Further, National Defence will define and categorize the types of proposals submitted to the Minister that should be subject to the strategic environmental assessment process and identify those that are not. These tasks will be completed by 31 March 2017.

Public Services and Procurement Canada's response. Agreed. The Department is currently updating its Directive on Strategic Environmental Assessment (the departmental directive) and its Strategic Environmental Assessment Preliminary Scan Checklist to ensure proposals submitted for approval to the Minister and to Cabinet are assessed in accordance with the requirements of the Cabinet directive and its related guidelines. The updated departmental directive clarifies the roles and responsibilities of the key stakeholders involved. It enhances processes for proposals submitted for ministerial approval subject to the Cabinet directive to ensure the Minister receives complete and relevant information on the potential environmental effects related to proposals requiring her approval. An internal communications plan is also being established to ensure employees of the Department are aware of the requirements of the updated departmental directive.

Veterans Affairs Canada's response. Agreed. Although Veterans Affairs Canada develops few policy, plan, or program proposals that give rise to environmental impacts, the Department is reviewing and will implement process changes by December 2016. These will ensure that the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals is applied to policy, plan, and program proposals submitted for approval to the Minister of Veterans Affairs or to Cabinet as appropriate.

Most preliminary scans reviewed met selected requirements of the Cabinet directive

What we found

3.33 We found that most of the preliminary scans that we reviewed met selected requirements of the Cabinet directive and its related guidelines. All of the scans that we reviewed considered important environmental effects, while for all but one, the scope of the assessment was commensurate with the level of anticipated environmental effects. In addition, just under two thirds considered links to the goals and targets of the Federal Sustainable Development Strategy.

3.34 We also found that the selected entities' conclusions on whether to conduct a detailed strategic environmental assessment were appropriate in all but one of the scans that we reviewed. However, for most of the proposals, we could not determine whether scans were carried out in a timely manner due to the lack of documentation.

3.35 Our analysis supporting this finding presents what we examined and discusses

- complying with selected requirements of the Cabinet directive and its related guidelines,
- appropriateness of conclusions, and
- documenting timeliness.

Why this finding matters

3.36 This finding matters because ministers need to receive timely and thorough information about the potential important environmental effects of proposals they are considering. Assessments that take place early in the life of a proposal can help identify issues needing more attention or help in the analysis of proposal options before permanent decisions are made.

Recommendation

3.37 Our recommendation in this area of examination appears at paragraph 3.42.

Analysis to support this finding

3.38 **What we examined.** We examined 31 of the 60 preliminary scans conducted by the Department of Justice Canada, National Defence, Parks Canada, and Public Services and Procurement Canada to determine whether the scans met selected requirements of the Cabinet directive and its related guidelines. Veterans Affairs Canada did not conduct any preliminary scans.

3.39 **Complying with selected requirements of the Cabinet directive and its related guidelines.** We found that all 31 of the preliminary scans conducted by the Department of Justice Canada, National Defence, Parks Canada, and Public Services and Procurement Canada that we reviewed considered important environmental effects. We also found that for 30 of the 31 scans we reviewed, the scope of the assessment was commensurate with the level of anticipated environmental effects. In addition, we found that 19 of the 31 scans considered links to the goals and targets of the Federal Sustainable Development Strategy (Exhibit 3.3).

Exhibit 3.3 Most of the preliminary scans reviewed met the selected requirements of the Cabinet directive and its related guidelines

Selected requirements of the Cabinet directive and its related guidelines	Number of preliminary scans reviewed that met requirements*				
	Department of Justice Canada	National Defence	Parks Canada	Public Services and Procurement Canada	Total
Assessment of important environmental effects (both positive and negative)	7 of 7	4 of 4	10 of 10	10 of 10	31 of 31
Scope of assessment is commensurate with the level of anticipated environmental effects	7 of 7	3 of 4	10 of 10	10 of 10	30 of 31
Consideration of links to goals and targets of the Federal Sustainable Development Strategy	3 of 7	1 of 4	9 of 10	6 of 10	19 of 31
* Veterans Affairs Canada was not included because it did not apply the Cabinet directive to any of its proposals.					

3.40 Appropriateness of conclusions. The conclusions reached by the entities on whether a detailed strategic environmental assessment should have been conducted were appropriate in 30 of 31 preliminary scans that we reviewed. In the 1 exception, National Defence proposed to convert a commercial ship into an auxiliary oil replenishment ship to transport liquid and solid replenishment products, such as diesel fuel. In our opinion, because of potential important environmental effects such as spillage, National Defence should have conducted a detailed strategic environmental assessment. Although the preliminary scan of the proposal prepared by National Defence provided a brief description of some measures that could minimize the potential risk from spillage, the Cabinet directive requires that when important environmental effects are identified, a detailed strategic environmental assessment should be conducted that includes an analysis of the scope and nature of the potential environmental effects and mitigation measures.

3.41 Documenting timeliness. The Cabinet directive requires an assessment to begin early in the conceptual development stage of a proposal. For the purposes of our review, we defined “early” as during the first half of the proposal’s life. Of the 31 scans that we reviewed, we found that 8 were conducted early and 4 were conducted late. However, for the remaining 19 proposals, we could not determine whether the scans were carried out in a timely manner because the entities could not provide documentation showing when the environmental assessment had begun (Exhibit 3.4).

Exhibit 3.4 The timeliness of most of the preliminary scans reviewed could not be determined due to lack of documentation

	Number of preliminary scans reviewed where early integration occurred*				
Documented timeliness of scan in proposal lifespan	Department of Justice Canada	National Defence	Parks Canada	Public Services and Procurement Canada	Total
Early in proposal development	0 of 7	0 of 4	5 of 10	3 of 10	8 of 31
Late in proposal development	0 of 7	1 of 4	3 of 10	0 of 10	4 of 31
Lack of documentation to determine timeliness	7 of 7	3 of 4	2 of 10	7 of 10	19 of 31
* Veterans Affairs Canada was not included because it did not apply the Cabinet directive to any of its proposals.					

3.42 Recommendation. The Department of Justice Canada, National Defence, Parks Canada, Public Services and Procurement Canada, and Veterans Affairs Canada should ensure that when they assess proposals, they do so in a timely manner, as required by the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals and its related guidelines.

The Department of Justice Canada's response. Agreed.

The Department of Justice Canada will take steps to ensure that assessments for environmental effects are conducted early in the conceptual development of policy, plan, and program proposals for approval, and that they are documented.

National Defence's response. Agreed. National Defence will review existing departmental approval processes and support compliance with the Cabinet directive by ensuring they reflect the need to initiate the strategic environmental assessment process early within the development of a proposal. National Defence will also raise departmental awareness of the requirements of the Cabinet directive through various communication tools. These tasks will be completed by 31 March 2017.

Parks Canada's response. Agreed. Parks Canada fully agrees that the application of the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals is an important element in informed decision-making processes. Parks Canada will continue to incorporate strategic environmental assessment into decision-making processes. This could include proposals submitted to the Minister, or to Cabinet for decision, before irreversible decisions are made, as required under the Cabinet directive. Parks Canada has demonstrated ongoing improvements

in its strategic environmental assessment practices and will continue to do so. The Agency will review practices to ensure timely integration of strategic environmental assessment information into the decision-making process by 31 March 2017.

Public Services and Procurement Canada's response. *Agreed. The Department is currently updating its Directive on Strategic Environmental Assessment (the departmental directive) and its Strategic Environmental Assessment Preliminary Scan Checklist. The updated departmental directive will ensure proposals are assessed in a timely manner at the outset of a proposal development process, by clearly stating this requirement. Roles and responsibilities have been clarified to ensure all accountable levels of management are aware of this requirement and that it is effectively implemented. A requirement to keep records of the early integration of the Cabinet directive in the conceptual development of the proposal has been added in the updated departmental directive. This requirement has also been included in the Strategic Environmental Assessment Preliminary Scan Checklist as part of the assessment process.*

Veterans Affairs Canada's response. *Agreed. Veterans Affairs Canada will develop and implement process changes to ensure that any assessments required by the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals and its related guidelines are fully documented and conducted in a timely manner. Furthermore, the Department has committed to establishing an Environmental Assessment Strategy by June 2017.*

Reporting publicly

Overall message



3.43 Overall, we found that Parks Canada, the only entity that conducted detailed strategic environmental assessments, issued public statements for the assessments we reviewed, as required by the Cabinet directive.

3.44 We also found that three of the five selected entities—the Department of Justice Canada, Parks Canada, and Public Services and Procurement Canada—reported consistently on the extent and results of their strategic environmental assessment practices, as required by the Cabinet directive. Public Services and Procurement Canada also included useful information on the number of proposals it submitted to Cabinet and the number of preliminary scans it conducted. In addition, we found that only public reports prepared by Parks Canada consistently included a description of how plans, programs, and policies subject to strategic environmental assessments had affected or were expected to affect progress toward goals and targets in the Federal Sustainable Development Strategy.

3.45 This is important because public reporting helps ensure that decisions made that affect the environment are open and accountable. Departments and agencies are required to prepare a public statement of environmental effects when a detailed strategic environmental assessment has been conducted and are also required to report on the extent and results of their strategic environmental assessment practices.

Context

3.46 The Cabinet directive and its related guidelines require departments and agencies to report publicly in two distinct ways. First, when a detailed strategic environmental assessment has been conducted for any policy, plan, or program that is approved or announced, departments and agencies are required to prepare a public statement on environmental effects. Departments and agencies determine the content of the public statement.

3.47 Second, departments and agencies have to report on the extent and results of their strategic environmental assessment practices in their **reports on plans and priorities (RPPs)** and their **departmental performance reports (DPRs)**. This reporting also has to describe how policy, plan, and program proposals that are subject to a strategic environmental assessment have affected progress toward goals and targets of the Federal Sustainable Development Strategy.

Public statements were prepared

What we found

3.48 We found that only Parks Canada carried out detailed strategic environmental assessments. We reviewed a selection of the detailed assessments it conducted and found that public statements had been issued for all of them.

3.49 Our analysis supporting this finding presents what we examined and discusses

- issuing public statements.

Reports on plans and priorities (RPPs)—Individual expenditure plans for departments and agencies. These reports provide details on an organization's main priorities, plans, and expected performance over a three-year period. Reports for the next fiscal year are normally tabled in Parliament on or before 31 March.

Source: Adapted from definitions from the Treasury Board of Canada Secretariat

Departmental performance reports (DPRs)—Individual department and agency accounts of results achieved against performance expectations as set out in the relevant reports on plans and priorities. The reports cover the most recent fiscal year and are normally tabled in Parliament in the fall.

Source: Adapted from definitions from the Treasury Board of Canada Secretariat

Why this finding matters	3.50 This finding matters because public statements help to make environmental decision making by government open and accountable.
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Recommendations	3.51 We made no recommendations in this area of examination.
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Analysis to support this finding	<p>3.52 What we examined. When entities had completed a detailed strategic environmental assessment, we verified whether a public statement was issued.</p> <p>3.53 Issuing public statements. We found that only Parks Canada carried out detailed strategic environmental assessments. We reviewed 8 of the 44 detailed assessments it conducted to determine whether public statements had been issued. We found that Parks Canada had issued the required public statements for all 8 detailed assessments.</p>
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Three of the five selected entities reported consistently on the extent and results of their strategic environmental practices

What we found	<p>3.54 We found that three of the five selected entities—the Department of Justice Canada, Parks Canada, and Public Services and Procurement Canada—reported consistently on the extent and results of their strategic environmental assessment practices. Public Services and Procurement Canada prepared public reports that included information on the number of proposals it had submitted to Cabinet and the number of preliminary scans it had conducted. Parks Canada prepared public reports that consistently included descriptions of how plans, programs, and policies subject to strategic environmental assessments have affected or are expected to affect progress toward goals and targets in the Federal Sustainable Development Strategy.</p>
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3.55 Our analysis supporting this finding presents what we examined and discusses

- reporting in RPPs and DPRs.

Why this finding matters	3.56 This finding matters because public reporting helps demonstrate that departments and agencies are considering the environmental effects of proposals and that their environmental decision-making process is open and accountable.
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Recommendation	3.57 Our recommendation in this area of examination appears at paragraph 3.62.
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3.58 **What we examined.** We reviewed RPPs and DPRs submitted between 2013 and 2015 to assess whether the entities' reporting complied with the Cabinet directive and its related guidelines.

3.59 **Reporting in RPPs and DPRs.** We found that the Department of Justice Canada, Parks Canada, and Public Services and Procurement Canada reported consistently on the extent and results of their strategic environmental assessment practices, as required by the Cabinet directive. However, we found that National Defence and Veterans Affairs Canada did not consistently report on the extent and results of their strategic environmental assessment practices.

3.60 We also found that Public Services and Procurement Canada was the only entity to go beyond the standard guidance on reporting. The Department included specific information on the extent and results of its strategic environmental assessment practices in its DPRs on the number of preliminary scans and detailed strategic environmental assessments that it had completed.

3.61 In addition, we found that only Parks Canada consistently reported on how plans, programs, and policies subject to strategic environmental assessment had affected or were expected to affect progress toward goals and targets of the Federal Sustainable Development Strategy.

3.62 **Recommendation.** National Defence and Veterans Affairs Canada should report consistently on the extent and results of their strategic environmental assessment practices, as required by the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals and its related guidelines.

***National Defence's response.** Agreed. National Defence will develop a monitoring process to better track the completion of preliminary scans and detailed strategic environmental assessments. National Defence will also clarify the reporting processes in order to report consistently on the extent and results of strategic environmental assessment practices in the Departmental Performance Report. These tasks will be completed by 31 May 2017.*

***Veterans Affairs Canada's response.** Agreed. Veterans Affairs Canada will implement consistent reporting on environmental assessments as part of the Open Government Implementation Plan and in accordance with the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals and its related guidelines, as appropriate, by December 2016.*

Meeting commitments

Only Parks Canada made satisfactory progress in meeting its commitment to strengthen strategic environmental assessment practices

Overall message



3.63 Overall, we found that only one selected entity, Parks Canada, had made satisfactory progress in meeting its sustainable development strategy commitment to strengthen strategic environmental assessment practices. The other four selected entities had not made satisfactory progress.

3.64 This is important because departments and agencies, as part of the government's activities supporting environmental sustainability, committed to sustainable development activities. If these commitments are not met, the environment is not considered and could be exposed to damage by government programs and initiatives that did not receive complete environmental assessment.

3.65 Our analysis supporting this finding discusses

- meeting commitments to strengthen strategic environmental assessment practices.

Context

3.66 To strengthen the application of the Cabinet directive, in October 2010, Environment Canada (renamed Environment and Climate Change Canada in November 2015) encouraged departments and agencies to highlight their strategic environmental assessment processes and their planned internal activities and commitments related to updating these processes.

Recommendations

3.67 We made no recommendations in this area of examination.

Analysis to support this finding

3.68 **What we examined.** We examined whether the selected entities had developed strategic environmental assessment guidance and tools and had applied the Cabinet directive.

3.69 **Meeting commitments to strengthen strategic environmental assessment practices.** We found that of the five selected entities, only Parks Canada had made satisfactory progress in meeting sustainable development strategy commitments to strengthen strategic environmental assessment practices (Exhibit 3.5). Specifically, departments and agencies were required to commit to ensuring that their decision making considered impacts on the environment and on achieving federal strategy goals and targets through strategic environmental assessments.

Exhibit 3.5 Only Parks Canada made satisfactory progress in meeting its commitment to strengthen strategic environmental assessment practices

Entity's commitment	Entity's strategic environmental assessment guidance and tools	Entity's application of the Cabinet directive	Commissioner's assessment of overall progress
<p>Department of Justice Canada</p> <p>Through the federal strategic environmental assessment process, any new policy, plan, or program initiative includes an analysis of its impact on attaining the Federal Sustainable Development Strategy's goals and targets. The results of strategic environmental assessments are made public when an initiative is announced, demonstrating the Department's commitment to achieving the federal strategy's goals and targets.</p>	<p>In September 2014, the Department added an item on the federal strategy and strategic environmental assessments to its Common Policy Considerations Checklist. This tool assists the Department when it develops policies and programs to consider factors that are important in their development.</p>	<p>The Department did not apply the Cabinet directive to any of the 52 proposals submitted for approval to its Minister.</p> <p>The Department applied the Cabinet directive to 34 of 55 proposals submitted for approval to Cabinet.</p>	<p>Unsatisfactory progress toward meeting the commitment.</p>
<p>National Defence</p> <p>Through the federal strategic environmental assessment process, any new policy, plan, or program initiative includes an analysis of its impact on attaining the Federal Sustainable Development Strategy's goals and targets. The results of strategic environmental assessments are made public when an initiative is announced, demonstrating the Department's commitment to achieving the federal strategy's goals and targets.</p>	<p>In February 2012, the Department developed an environmental assessment manual to assist staff in deciding when and how to undertake various types of environmental assessments, including strategic environmental assessment.</p>	<p>The Department did not apply the Cabinet directive to any of the 151 proposals submitted for approval to its Minister.</p> <p>The Department applied the Cabinet directive to 4 of 122 proposals submitted for approval to Cabinet.</p>	<p>Unsatisfactory progress toward meeting the commitment.</p>

Exhibit 3.5 Only Parks Canada made satisfactory progress in meeting its commitment to strengthen strategic environmental assessment practices (continued)

Entity's commitment	Entity's strategic environmental assessment guidance and tools	Entity's application of the Cabinet directive	Commissioner's assessment of overall progress
<p>Parks Canada</p> <p>Through the federal strategic environmental assessment process, any new policy, plan, or program initiative includes an analysis of its impact on attaining the Federal Sustainable Development Strategy's goals and targets. The results of strategic environmental assessments are made public when an initiative is announced, demonstrating the Agency's commitment to achieving the federal strategy's goals and targets.</p>	<p>In 2012, the Agency developed a preliminary scan template and public statement guidance to be used when completing a strategic environmental assessment according to the Cabinet directive.</p> <p>In April 2015, the Agency developed a directive on impact assessment, which provides a detailed description of the types of proposals that would be subject to the Cabinet directive.</p> <p>The Agency has an internal strategic environmental assessment web page in both official languages.</p>	<p>The Agency applied the Cabinet directive to 41 of 44 proposals submitted for approval to its Minister and 8 of 10 proposals submitted for approval to Cabinet.</p>	<p>Satisfactory progress toward meeting the commitment.</p>
<p>Public Services and Procurement Canada</p> <p>Through the Department's strategic environmental assessment process, any policy, plan, or program proposal for which Cabinet or ministerial approval is sought is reviewed for potential important environmental effects, including its impact on the Department's ability to achieve the Federal Sustainable Development Strategy's goals and targets.</p>	<p>In November 2011, the Department developed the following guidance and tools:</p> <ul style="list-style-type: none"> • an environmental policy directive applicable to all employees, which sets out responsibilities and accountabilities for meeting all applicable environmental laws, codes, and regulations; • a directive on strategic environmental assessment to support the environmental policy, which requires a preliminary scan to be done for all policy, plan, and program proposals 	<p>The Department applied the Cabinet directive to 1 of 8 proposals it submitted for approval to its Minister.</p> <p>The Department applied the Cabinet directive to 10 of 12 proposals submitted for approval to Cabinet.</p>	<p>Unsatisfactory progress toward meeting the commitment.</p>

Exhibit 3.5 Only Parks Canada made satisfactory progress in meeting its commitment to strengthen strategic environmental assessment practices (continued)

Entity's commitment	Entity's strategic environmental assessment guidance and tools	Entity's application of the Cabinet directive	Commissioner's assessment of overall progress
	<p>submitted for approval to an individual minister or to Cabinet, as well as a detailed assessment when important environmental effects are identified through a preliminary scan; and</p> <ul style="list-style-type: none"> • a strategic environmental assessment preliminary scan checklist guide, which provides direction to staff members on how to complete the preliminary scan template for their proposals. 		
<p>Veterans Affairs Canada</p> <p>Through the federal strategic environmental assessment process, any new policy, plan, or program initiative includes an analysis of its impact on attaining the Federal Sustainable Development Strategy's goals and targets. The results of strategic environmental assessments are made public when an initiative is announced, demonstrating the Department's commitment to achieving the federal strategy's goals and targets.</p>	<p>The Department had no guidance or tools in place.</p>	<p>The Department did not apply the Cabinet directive to any of the 52 proposals submitted for approval to its Minister or to Cabinet.</p>	<p>Unsatisfactory progress toward meeting the commitment.</p>

Conclusion

3.70 We concluded that only Parks Canada adequately applied the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals and its related guidelines to policy, plan, and program proposals submitted for approval to its Minister. The Department of Justice Canada, National Defence, Public Services and Procurement Canada, and Veterans Affairs Canada did not adequately apply the Cabinet directive to proposals submitted for approval to their individual ministers.

3.71 We concluded that Parks Canada, Public Services and Procurement Canada, and the Department of Justice Canada adequately applied the Cabinet directive and its related guidelines to policy, plan, and program proposals submitted for approval to Cabinet. National Defence and Veterans Affairs Canada did not adequately apply the Cabinet directive to proposals submitted to Cabinet for approval.

3.72 We also concluded that the Department of Justice Canada, Parks Canada, and Public Services and Procurement Canada adequately reported on the extent and results of their strategic environmental assessment practices as required by the Cabinet directive and its related guidelines. National Defence and Veterans Affairs Canada did not adequately report on the extent and results of their strategic environmental assessment practices.

3.73 Finally, we concluded that Parks Canada made satisfactory progress in meeting its departmental sustainable development strategy commitments and the Federal Sustainable Development Strategy commitment to strengthen its strategic environmental assessment practices. The Department of Justice Canada, National Defence, Public Services and Procurement Canada, and Veterans Affairs Canada did not make satisfactory progress.

About the Audit

The Office of the Auditor General's responsibility was to conduct an independent examination of sustainable development strategies to provide objective information, advice, and assurance to assist Parliament in its scrutiny of the government's management of resources and programs.

All of the audit work in this report was conducted in accordance with the standards for assurance engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook—Assurance. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.

As part of our regular audit process, we obtained management's confirmation that the findings in this report are factually based.

Objective

The entities included in this audit were the Department of Justice Canada, National Defence, Parks Canada, Public Services and Procurement Canada, and Veterans Affairs Canada. The objective of the audit was to determine whether the selected federal entities adequately

- applied the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals and its related guidelines to policy, plan, and program proposals submitted for approval to an individual minister or to Cabinet, including Treasury Board;
- reported on the extent and results of their strategic environmental assessment practices as required by the Cabinet directive and its related guidelines; and
- met their departmental sustainable development strategy commitments and the Federal Sustainable Development Strategy commitment to strengthen their strategic environmental assessment practices.

For the purpose of this objective, "adequately" is defined as completed in a manner that meets the stated objectives of each departmental commitment and the stated requirements of the Cabinet directive and its related guidelines.

Scope and approach

Following the approach used in our 2015 audit, this audit examined the progress made by selected federal entities to strengthen their strategic environmental assessment practices as presented in their commitments in their reports on plans and priorities. It also examined whether the entities applied the Cabinet directive and its related guidelines to policy, plan, and program proposals prepared between January 2013 and December 2015. This included the preparation of public statements for each approved or announced proposal for which a detailed strategic environmental assessment had been completed and the required public reporting on the extent and results of the selected entities' strategic environmental assessment practices.

The audit involved reviewing and analyzing key documents, interviewing department and agency officials, and testing a sample of transactions (that is, proposals, preliminary scans, detailed strategic environmental assessments, and related documentation). Entities provided data regarding the number

of proposals submitted for approval to Cabinet or a minister in response to our request. We did not audit that information for completeness. We did not assess the quality of the analysis included in each completed detailed strategic environmental assessment. We did not assess the proposal decisions made by individual ministers or Cabinet.

Criteria

Criteria	Sources
<p>We used the following criteria to determine whether the selected federal entities adequately</p> <ul style="list-style-type: none"> • applied the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals and its related guidelines to policy, plan, and program proposals submitted for approval to an individual minister or to Cabinet, including Treasury Board; • reported on the extent and results of their strategic environmental assessment practices as required by the Cabinet directive and its related guidelines; and • met their departmental sustainable development strategy commitments and the Federal Sustainable Development Strategy commitment to strengthen their strategic environmental assessment practices. 	
Policy, plan, or program proposals submitted for approval to an individual minister or to Cabinet are assessed in accordance with the Cabinet directive and its related guidelines for the potential for important environmental effects, either positive or negative.	<ul style="list-style-type: none"> • Strategic Environmental Assessment: The Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals: Guidelines for Implementing the Cabinet Directive, Privy Council Office and Canadian Environmental Assessment Agency, 2010
Policy, plan, or program proposals submitted for approval to an individual minister or to Cabinet are assessed for environmental considerations early in the conceptual planning stage of the proposal.	<ul style="list-style-type: none"> • Strategic Environmental Assessment: The Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals: Guidelines for Implementing the Cabinet Directive, Privy Council Office and Canadian Environmental Assessment Agency, 2010
<p>The selected federal entities conclude appropriately on the need to complete a detailed strategic environmental assessment when assessing each policy, plan, and program proposal for potential important environmental effects.</p> <p>The phrase “conclude appropriately” means that</p> <ul style="list-style-type: none"> • the scope of the analysis undertaken was commensurate with the level of anticipated environmental effects; • important environmental effects both positive or negative have been assessed; and • links to Federal Sustainable Development Strategy goals and targets have been made and documented, where applicable. 	<ul style="list-style-type: none"> • Strategic Environmental Assessment: The Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals: Guidelines for Implementing the Cabinet Directive, Privy Council Office and Canadian Environmental Assessment Agency, 2010
For each detailed strategic environmental assessment conducted, the selected federal entity prepares a public statement of environmental effects that includes impacts on Federal Sustainable Development Strategy goals and targets.	<ul style="list-style-type: none"> • Strategic Environmental Assessment: The Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals: Guidelines for Implementing the Cabinet Directive, Privy Council Office and Canadian Environmental Assessment Agency, 2010

Criteria	Sources
<p>We used the following criteria to determine whether the selected federal entities adequately</p> <ul style="list-style-type: none"> • applied the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals and its related guidelines to policy, plan, and program proposals submitted for approval to an individual minister or to Cabinet, including Treasury Board; • reported on the extent and results of their strategic environmental assessment practices as required by the Cabinet directive and its related guidelines; and • met their departmental sustainable development strategy commitments and the Federal Sustainable Development Strategy commitment to strengthen their strategic environmental assessment practices. (continued) 	
The selected federal entities report on the extent and results of their strategic environmental assessment practices in their reports on plans and priorities and departmental performance reports.	<ul style="list-style-type: none"> • Strategic Environmental Assessment: The Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals: Guidelines for Implementing the Cabinet Directive, Privy Council Office and Canadian Environmental Assessment Agency, 2010
The selected federal entities meet their departmental sustainable development strategy commitments and the Federal Sustainable Development Strategy commitment to strengthen their strategic environmental assessment practices.	<ul style="list-style-type: none"> • <i>Federal Sustainable Development Act</i> • Departmental sustainable development strategy commitments • Planning for a Sustainable Future: A Federal Sustainable Development Strategy for Canada, Sustainable Development Office, Environment Canada, 2010 • Planning for a Sustainable Future: A Federal Sustainable Development Strategy for Canada 2013–2016, Sustainable Development Office, Environment Canada, 2013

Management reviewed and accepted the suitability of the criteria used in the audit.

Period covered by the audit

The audit covered the period between January 2013 and December 2015. Audit work for this report was completed on 28 July 2016. The audit involved the examination of material from earlier periods, as required, to gather evidence to conclude against specific criteria.

Audit team

Principal: Andrew Hayes

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List of Recommendations

The following is a list of recommendations found in this report. The number in front of the recommendation indicates the paragraph where it appears in the report. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendation	Response
Applying the Cabinet directive	
3.32 The Department of Justice Canada, National Defence, Public Services and Procurement Canada, and Veterans Affairs Canada should apply the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals to all policy, plan, and program proposals submitted for approval to their individual ministers or to Cabinet, as required. (3.19–3.31)	<p>The Department of Justice Canada’s response. Agreed. The Department of Justice Canada will build on the tools and practices currently in place for proposals submitted for approval to Cabinet by applying the Cabinet directive consistently to policy, plan, and program proposals submitted for approval to the Minister or Cabinet.</p> <p>National Defence’s response. Agreed. National Defence will review and update its existing policy and guidance documents related to strategic environmental assessment to support consistent application of the Cabinet directive. Further, National Defence will define and categorize the types of proposals submitted to the Minister that should be subject to the strategic environmental assessment process and identify those that are not. These tasks will be completed by 31 March 2017.</p> <p>Public Services and Procurement Canada’s response. Agreed. The Department is currently updating its Directive on Strategic Environmental Assessment (the departmental directive) and its Strategic Environmental Assessment Preliminary Scan Checklist to ensure proposals submitted for approval to the Minister and to Cabinet are assessed in accordance with the requirements of the Cabinet directive and its related guidelines. The updated departmental directive clarifies the roles and responsibilities of the key stakeholders involved. It enhances processes for proposals submitted for ministerial approval subject to the Cabinet directive to ensure the Minister receives complete and relevant information on the potential environmental effects related to proposals requiring her approval. An internal communications plan is also being established to ensure employees of the Department are aware of the requirements of the updated departmental directive.</p> <p>Veterans Affairs Canada’s response. Agreed. Although Veterans Affairs Canada develops few policy, plan, or program proposals that give rise to environmental impacts, the Department is reviewing and will implement process changes by December 2016. These will ensure that the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals is applied to policy, plan, and program proposals submitted for approval to the Minister of Veterans Affairs or to Cabinet as appropriate.</p>

Recommendation	Response
<p>3.42 The Department of Justice Canada, National Defence, Parks Canada, Public Services and Procurement Canada, and Veterans Affairs Canada should ensure that when they assess proposals, they do so in a timely manner, as required by the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals and its related guidelines. (3.33–3.41)</p>	<p>The Department of Justice Canada’s response. Agreed. The Department of Justice Canada will take steps to ensure that assessments for environmental effects are conducted early in the conceptual development of policy, plan, and program proposals for approval, and that they are documented.</p> <p>National Defence’s response. Agreed. National Defence will review existing departmental approval processes and support compliance with the Cabinet directive by ensuring they reflect the need to initiate the strategic environmental assessment process early within the development of a proposal. National Defence will also raise departmental awareness of the requirements of the Cabinet directive through various communication tools. These tasks will be completed by 31 March 2017.</p> <p>Parks Canada’s response. Agreed. Parks Canada fully agrees that the application of the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals is an important element in informed decision-making processes. Parks Canada will continue to incorporate strategic environmental assessment into decision-making processes. This could include proposals submitted to the Minister, or to Cabinet for decision, before irreversible decisions are made, as required under the Cabinet directive. Parks Canada has demonstrated ongoing improvements in its strategic environmental assessment practices and will continue to do so. The Agency will review practices to ensure timely integration of strategic environmental assessment information into the decision-making process by 31 March 2017.</p> <p>Public Services and Procurement Canada’s response. Agreed. The Department is currently updating its Directive on Strategic Environmental Assessment (the departmental directive) and its Strategic Environmental Assessment Preliminary Scan Checklist. The updated departmental directive will ensure proposals are assessed in a timely manner at the outset of a proposal development process, by clearly stating this requirement. Roles and responsibilities have been clarified to ensure all accountable levels of management are aware of this requirement and that it is effectively implemented. A requirement to keep records of the early integration of the Cabinet directive in the conceptual development of the proposal has been added in the updated departmental directive. This requirement has also been included in the Strategic Environmental Assessment Preliminary Scan Checklist as part of the assessment process.</p> <p>Veterans Affairs Canada’s response. Agreed. Veterans Affairs Canada will develop and implement process changes to ensure that any assessments required by the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals and its related guidelines are fully documented and conducted in a timely manner. Furthermore, the Department has committed to establishing an Environmental Assessment Strategy by June 2017.</p>

Recommendation	Response
<p>Reporting publicly</p> <p>3.62 National Defence and Veterans Affairs Canada should report consistently on the extent and results of their strategic environmental assessment practices, as required by the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals and its related guidelines. (3.58–3.61)</p>	<p>National Defence’s response. Agreed. National Defence will develop a monitoring process to better track the completion of preliminary scans and detailed strategic environmental assessments. National Defence will also clarify the reporting processes in order to report consistently on the extent and results of strategic environmental assessment practices in the Departmental Performance Report. These tasks will be completed by 31 May 2017.</p> <p>Veterans Affairs Canada’s response. Agreed. Veterans Affairs Canada will implement consistent reporting on environmental assessments as part of the Open Government Implementation Plan and in accordance with the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals and its related guidelines as appropriate, by December 2016.</p>