



**Fall 2018**

## **Reports of the Commissioner of the Environment and Sustainable Development to the Parliament of Canada**

**Independent Auditor's Report**

### **REPORT 3**

**Departmental Progress in Implementing Sustainable  
Development Strategies**



Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada





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## 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*.

A performance audit is an independent, objective, and systematic assessment of how well government is managing its activities, responsibilities, and resources. Audit topics are selected based on their significance. While the Office may comment on policy implementation in a performance audit, it does not comment on the merits of a policy.

Performance audits are planned, performed, and reported in accordance with professional auditing standards and Office policies. They are conducted by qualified auditors who

- establish audit objectives and criteria for the assessment of performance,
- gather the evidence necessary to assess performance against the criteria,
- report both positive and negative findings,
- conclude against the established audit objectives, and
- make recommendations for improvement when there are significant differences between criteria and assessed performance.

Performance audits contribute to a public service that is ethical and effective and a government that is accountable to Parliament and Canadians.

The Report is available on our website at [www.oag-bvg.gc.ca](http://www.oag-bvg.gc.ca).

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# Introduction

## Background

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### Sustainable development strategies

3.1 The Government of Canada has committed to sustainable development. The *Federal Sustainable Development Act* requires the federal government to develop a strategy to make environmental decision making more transparent and accountable to Parliament. The Act also requires the government to update the strategy every three years and report on its implementation. The Federal Sustainable Development Strategy provides a government-wide perspective on environmental and sustainable development priorities, goals, targets, and implementation. The most recent federal strategy, covering the period from 2016 to 2019, was tabled in Parliament in October 2016.

3.2 The *Federal Sustainable Development Act* also requires 26 federal organizations to develop their own sustainable development strategies. These strategies contain their own plans for meeting environmental and sustainable development goals and must contribute to the overall goals of the Federal Sustainable Development Strategy.

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### The Cabinet directive on strategic environmental assessment

3.3 In 1990, Cabinet issued the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals. The directive requires federal organizations to integrate environmental considerations in the planning and decision-making stages of policy, plan, and program proposals.

3.4 For the 2010–2013 Federal Sustainable Development Strategy, ministers and Cabinet committed to strengthening their use of the strategic environmental assessment process by considering the government's environmental goals when pursuing social and economic objectives. This commitment was reaffirmed in the 2016–2019 Federal Sustainable Development Strategy. The Cabinet directive states that each minister must ensure that departmental policies, plans, and programs are consistent with the government's broad environmental objectives and sustainable development goals. Specifically, the directive requires federal organizations to do the following:

- assess proposals for potential important positive or negative environmental effects,
- consider the effects of proposals on the achievement of the goals and targets of the Federal Sustainable Development Strategy, and
- integrate environmental considerations into the development of proposals.

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## Why we did this audit

3.5 Section 23 of the *Auditor General Act* requires the Commissioner of the Environment and Sustainable Development to monitor and report annually on how well federal organizations met the objectives set out in their sustainable development strategies. This includes their contributions to the goals and targets of the Federal Sustainable Development Strategy.

3.6 In 2013, we developed a multi-year audit strategy to cover each of the 26 federal organizations required to contribute to the federal strategy. As part of the multi-year strategy, the current audit focused on

- the application of the Cabinet directive by federal organizations, and
- the progress organizations have made in strengthening their strategic environmental assessment practices.

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## Commissioner's past audit work

3.7 This is the Commissioner's sixth annual report on strategic environmental assessment practices and the wrap-up report of the Commissioner's 2013 audit strategy. Whereas the 2013 and 2014 audits focused primarily on systems and practices, subsequent audits in 2015, 2016, and 2017 focused on whether selected organizations had applied the Cabinet directive. In the last three audits, we concluded that most of the organizations we examined had not adequately applied the directive to their proposals. Past reports are available on our website at [www.oag-bvg.gc.ca](http://www.oag-bvg.gc.ca).

## Focus of the audit

3.8 This audit focused on whether the organizations we examined had adequately applied the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals, and whether they had met their commitments to strengthening their strategic environmental assessment practices.

3.9 This audit is important because Cabinet ministers need to consider potential environmental effects, both positive and negative, to make informed decisions about the policies, plans, and programs that affect Canadians.

3.10 In this audit, we examined all 26 organizations that are required to contribute to the Federal Sustainable Development Strategy:

- Agriculture and Agri-Food Canada
- Atlantic Canada Opportunities Agency
- Canada Border Services Agency



- Canada Economic Development for Quebec Regions
- Canada Revenue Agency
- Canadian Heritage
- Department of Finance Canada
- Department of Justice Canada
- Employment and Social Development Canada
- Environment and Climate Change Canada
- Fisheries and Oceans Canada
- Global Affairs Canada
- Health Canada
- Immigration, Refugees and Citizenship Canada
- Indigenous Services Canada, and Crown-Indigenous Relations and Northern Affairs Canada (formerly Indigenous and Northern Affairs Canada)
- Innovation, Science and Economic Development Canada
- National Defence
- Natural Resources Canada
- Parks Canada
- Public Health Agency of Canada
- Public Safety Canada
- Public Services and Procurement Canada
- Transport Canada
- Treasury Board of Canada Secretariat
- Veterans Affairs Canada
- Western Economic Diversification Canada

3.11 We examined the proposals submitted by these 26 organizations to determine whether they had applied the Cabinet directive to complete a strategic environmental assessment. However, we did not examine the quality of the analysis included in each assessment.

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 15–19).

# Findings, Recommendations, and Responses

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## Overall message



3.13 Since 1990, the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals has required federal organizations to perform strategic environmental assessments to inform Cabinet of the important positive or negative environmental effects of proposed policies, plans, and programs. The Government of Canada, through its Federal Sustainable Development Strategy, supported the application of the directive by requiring 26 participating federal organizations to strengthen their strategic environmental assessment practices.

3.14 Between 2013 and 2017, the Office of the Auditor General of Canada audited the progress of selected federal organizations in implementing the Cabinet directive. This work showed that on the whole, most organizations had not made satisfactory progress. As a result, in 2018, the Office decided to examine all 26 organizations to assess whether they had improved their practices since our initial audits.

3.15 Overall, we found that the federal organizations had applied the Cabinet directive to 93% of policy, plan, and program proposals submitted to Cabinet in 2017. This is a marked improvement over the findings of our initial audits.

3.16 We also found that these organizations were working to strengthen their environmental assessment practices. For example, since our initial audits, all organizations had developed or updated their internal guidance and tools to apply the Cabinet directive.

3.17 These findings are important because to make informed decisions that support sustainable development, Cabinet ministers must receive complete information about the potential environmental effects of the proposals they consider.

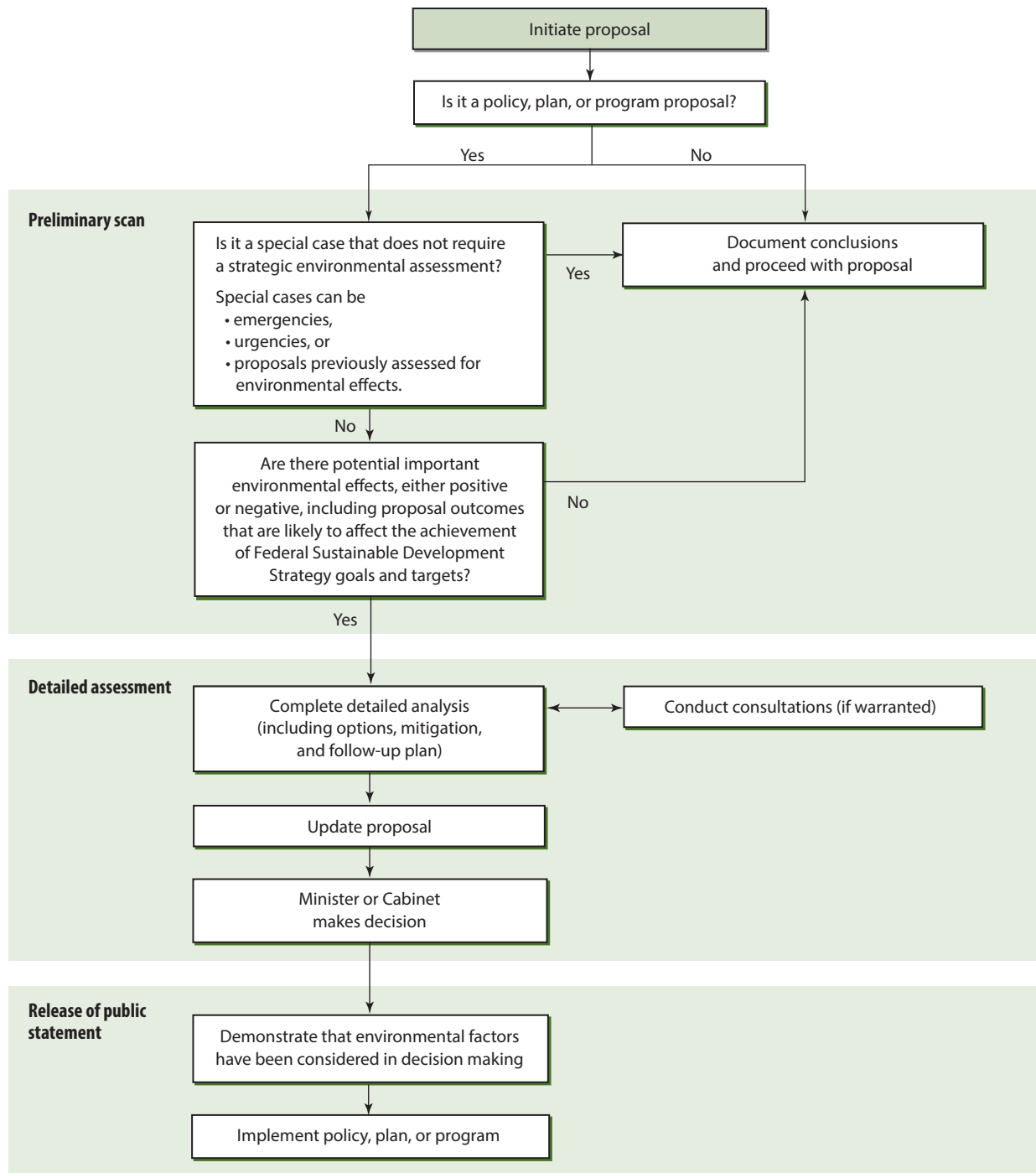
## Applying the Cabinet directive

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### Context

3.18 The Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals requires organizations to complete a strategic environmental assessment for each policy, plan, or program proposal that they submit to Cabinet or an individual minister for approval. The directive sets out a multi-step process for analyzing and documenting steps taken and decisions made (Exhibit 3.1).

### Exhibit 3.1 Strategic environmental assessment process



## The Cabinet directive had been applied to most of the proposals submitted to Cabinet in 2017

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### What we found

3.19 We found that 43% of the proposals (213 of 496) submitted during the 2017 calendar year met the criteria for exemptions from the strategic environmental assessment process. This left 283 proposals for which assessments were needed. We found that the assessment process had been applied to 93% of these proposals (263 of 283). This finding represents a significant improvement over the compliance findings from our past audits, which ranged from 23% to 44%.

3.20 Our analysis supporting this finding presents what we examined and discusses the following topics:

- Exempting proposals
- Applying the Cabinet directive to proposals submitted to Cabinet

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### Why this finding matters

3.21 This finding matters because federal organizations need to ensure that they integrate environmental considerations into their policies, plans, and programs.

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### Context

3.22 The Cabinet directive recognizes that there may be special cases in which no strategic environmental assessment is required, such as the following:

- when proposals are prepared in response to a clear and immediate emergency,
- when the matter is urgent and the normal process of Cabinet consideration is shortened, or
- when issues have previously been assessed for their environmental effects.

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### Recommendations

3.23 Our past reports repeatedly recommended that federal organizations apply the Cabinet directive to all policy, plan, and program proposals submitted to Cabinet for approval. Despite their progress in this direction, some organizations still had not applied the directive in all cases. For this reason, our past recommendations remain relevant. We made no new recommendations in this area of examination.

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### Analysis to support this finding

3.24 **What we examined.** We asked each of the 26 organizations to provide a list of all policy, plan, and program proposals submitted for approval to Cabinet between 1 January 2017 and 31 December 2017.

During this period, the organizations had submitted 496 proposals, which we examined to determine whether the organizations had completed the steps required by the Cabinet directive.

3.25 Unlike previous audits on strategic environmental assessments, this audit focused on proposals submitted to Cabinet and did not examine proposals submitted to individual ministers for approval.

3.26 **Exempting proposals.** We noted special cases in which proposals submitted to Cabinet were exempt from the strategic environmental assessment process. They were exempt because they involved an emergency situation, or because an assessment of potential environmental effects had been previously conducted.

3.27 In addition to these special cases, we noted proposals with other types of exemptions that were not specifically described in the Cabinet directive. We reviewed these proposals and concluded that the strategic environmental assessment process was not required. For example, the Department of Justice Canada submitted an initiative in relation to additional funding to allow immigration and refugee legal aid to continue. The Department determined that the initiative was exempt from the strategic environmental assessment process because it was a matter of routine administrative or financial procedure.

3.28 We found that 43% of proposals (213 of 496) submitted during the 2017 calendar year met the criteria for an exemption from the strategic environmental assessment process, leaving 283 for which the process should have been applied.

3.29 **Applying the Cabinet directive to proposals submitted to Cabinet.** We found that 17 of the 26 organizations had applied the Cabinet directive to all of their proposals submitted to Cabinet (Exhibit 3.2). Seven other organizations had high compliance rates, although they were unable to demonstrate compliance in all cases, as required by the Cabinet directive. Two organizations had no submissions during the period.

3.30 We also found that the Cabinet directive had been applied to 263 of 283 proposals submitted for approval to Cabinet in 2017 (93%), leaving 20 proposals that had not had the Cabinet directive applied (Exhibit 3.2). This finding represents a significant improvement over the compliance findings from our past audits, which ranged from 23% to 44%. Detailed audit findings for each federal organization are presented in the Appendix.

3.31 Canadian Heritage, National Defence, and Public Safety Canada demonstrated considerable improvement. In our past audits, we found that these organizations had applied the Cabinet directive to almost none of the proposals we examined. In this audit, we found that they achieved compliance for all or nearly all of the proposals we examined.

### Exhibit 3.2 The Cabinet directive was applied to 93% of proposals

Compliance with Cabinet directive	Number of proposals (%)	Organizations
Fully compliant	169 of 169 proposals (100%)	<ul style="list-style-type: none"> <li>• Agriculture and Agri-Food Canada</li> <li>• Canada Economic Development for Quebec Regions</li> <li>• Canada Revenue Agency</li> <li>• Department of Finance Canada</li> <li>• Department of Justice Canada</li> <li>• Environment and Climate Change Canada</li> <li>• Fisheries and Oceans Canada</li> <li>• Global Affairs Canada</li> <li>• Health Canada</li> <li>• Immigration, Refugees and Citizenship Canada</li> <li>• Innovation, Science and Economic Development Canada</li> <li>• National Defence</li> <li>• Natural Resources Canada</li> <li>• Parks Canada</li> <li>• Public Health Agency of Canada</li> <li>• Public Services and Procurement Canada</li> <li>• Veterans Affairs Canada</li> </ul>
Largely compliant	94 of 114 proposals (82%)	<ul style="list-style-type: none"> <li>• Canada Border Services Agency (3 of 4 proposals compliant)</li> <li>• Canadian Heritage (16 of 18 proposals compliant)</li> <li>• Employment and Social Development Canada (18 of 24 proposals compliant)</li> <li>• Indigenous Services Canada, and Crown-Indigenous Relations and Northern Affairs Canada (23 of 25 proposals compliant)</li> <li>• Public Safety Canada (15 of 19 proposals compliant)</li> <li>• Transport Canada (11 of 13 proposals compliant)</li> <li>• Treasury Board of Canada Secretariat (8 of 11 proposals compliant)</li> </ul>
Nothing to assess	Not applicable	<ul style="list-style-type: none"> <li>• Atlantic Canada Opportunities Agency</li> <li>• Western Economic Diversification Canada</li> </ul>
<b>Overall compliance:</b> 263 of 283 proposals (93%)		
Note: Organizations provided this data in response to our requests. We did not audit the number of submitted proposals for completeness.		

3.32 The proposals that Atlantic Canada Opportunities Agency and Western Economic Diversification Canada submitted to Cabinet in 2017 were either exempt from the process or led by another department. As a result, we could not assess the progress that these two organizations made in applying the Cabinet directive.

3.33 For the 20 proposals submitted by the organizations that did not adequately apply the Cabinet directive, there is a risk that environmental effects—either positive or negative—may not have been adequately considered. There is also the risk that decision makers were largely uninformed about the potential environmental effects of those policies, plans, and programs submitted to them for approval.

## Preliminary scans met the requirements of the Cabinet directive

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### What we found

3.34 We found that almost all of the preliminary scans we reviewed met the requirements of the Cabinet directive. In almost all cases, organizations did a preliminary scan to determine whether implementing a proposal might have environmental effects. As part of the scan, they considered the environmental effects of implementing the proposal and whether implementation would affect the achievement of the goals and targets of the Federal Sustainable Development Strategy. We also found that the organizations identified whether to proceed with a detailed assessment.

3.35 Our analysis supporting this finding presents what we examined and discusses the following topics:

- Assessing environmental effects
- Determining whether to proceed with a detailed assessment

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### Why this finding matters

3.36 This finding matters because federal organizations need to conduct preliminary scans to identify any potential environmental effects associated with implementing their proposals. They must also determine whether a detailed assessment of those effects is warranted, as required by the Cabinet directive.

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### Context

3.37 The Cabinet directive presents a multi-step process for conducting strategic environmental assessments. The first step, conducting a preliminary scan, is aimed at identifying whether a proposal might have important positive or negative environmental effects. If important environmental effects are identified, a detailed assessment is required, and the decision to proceed with a detailed assessment must be documented.

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### Recommendations

3.38 We made no recommendations in this area of examination.

**3.39 What we examined.** We examined all the preliminary scans that each audited organization did for proposals submitted to Cabinet between 1 January 2017 and 31 December 2017. We looked at whether the preliminary scans met Cabinet directive requirements

- to assess environmental effects and consider whether implementing the proposal would affect the achievement of the goals and targets of the Federal Sustainable Development Strategy, and
- to decide whether to proceed with a detailed assessment.

**3.40 Assessing environmental effects.** We found that of the preliminary scans we reviewed, 244 complied with the requirements of the Cabinet directive. Environment and Climate Change Canada did not complete preliminary scans but considered that all 19 proposals signed by their Minister had important environmental effects. The Department decided to proceed directly with detailed assessments, which are discussed in the next section. For this reason, we considered the Department compliant in applying the process for these 19 proposals, which we included in the total 263 proposals that were in compliance with the Cabinet directive.

**3.41** The preliminary scans we reviewed contained the organizations' assessment of environmental effects and considered potential links to the goals and targets of the Federal Sustainable Development Strategy. For example, Fisheries and Oceans Canada submitted a proposal to increase protection of aquatic ecosystems, enhance clarity, and improve transparency of the *Fisheries Act* by incorporating additional safeguards. In its preliminary scan, the Department considered

- effects on natural resources,
- the release of harmful substances into the environment,
- risks associated with invasive species, and
- possible environmental changes that might have resulted from implementing the proposal.

In the scan, the Department identified links to the Federal Sustainable Development Strategy and indicated that implementation of the proposal was likely to have positive environmental effects.

**3.42 Determining whether to proceed with a detailed assessment.**

We found that in each of the preliminary scans we reviewed, the organization had appropriately documented its decision about whether to conduct a detailed assessment.

**3.43** We found that in 228 of the 244 preliminary scans, the organizations had determined that detailed assessments were not needed. In these scans, the organizations concluded that the proposals were unlikely to have any



important environmental effects. In our opinion, the scans provided sufficient information to support the decision not to proceed with further assessment work.

3.44 We found 12 preliminary scans that identified the need to proceed with a detailed environmental assessment. As noted above, Environment and Climate Change Canada chose to do detailed assessments for all of its 19 proposals submitted to Cabinet. This brought the number of detailed assessments we examined to 31.

3.45 We found 4 preliminary scans that indicated that a detailed assessment was not needed at the approval stage, but that further environmental assessment would be required when more information on specific initiatives in the proposal became available. In each case, the proposal document itself informed decision makers about this situation as necessary.

## Detailed strategic environmental assessments met the requirements of the Cabinet directive

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### What we found

3.46 We examined all of the 31 detailed strategic environmental assessments completed. We found that, for the most part, these detailed assessments met the requirements of the Cabinet directive. The following departments carried out detailed assessments:

- Agriculture and Agri-Food Canada
- Environment and Climate Change Canada
- Fisheries and Oceans Canada
- Global Affairs Canada
- Immigration, Refugees and Citizenship Canada
- Indigenous Services Canada, and Crown-Indigenous Relations and Northern Affairs Canada
- National Defence
- Natural Resources Canada

3.47 Our analysis supporting this finding presents what we examined and discusses the following topic:

- Scope of assessments of environmental effects

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### Why this finding matters

3.48 This finding matters because to make decisions that support sustainable development, Cabinet must receive complete information on the potential environmental effects of the proposals it considers.

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**Context**

3.49 The Cabinet directive requires a detailed strategic environmental assessment to be conducted when important environmental effects are identified in the preliminary scan. The assessment should build on the preliminary scan and describe the scope and nature of the environmental effects that could arise from implementing the proposal. It should also propose mitigation measures.

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**Recommendations**

3.50 We made no recommendations in this area of examination.

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**Analysis to support this finding**

3.51 **What we examined.** We examined whether organizations that completed detailed environmental assessments met selected Cabinet directive requirements to describe the scope and nature of environmental effects and mitigation measures.

3.52 **Scope of assessments of environmental effects.** We found that all 31 detailed assessments met the Cabinet directive requirements to provide a detailed description of the environmental effects that could arise from implementing the proposal, with mitigation measures considered where appropriate. In our opinion, those assessments provided decision makers with sufficient information about the scope and nature of potential environmental effects.

3.53 For example, after conducting a preliminary scan, Natural Resources Canada completed a detailed assessment for a multi-departmental proposal to support clean growth in the natural resource sector. The assessment discussed the anticipated environmental effects of the clean technology projects the proposal would support and the Department's contribution to meeting climate change reduction targets. The assessment also discussed ongoing monitoring to measure any positive effects and mitigate any negative effects caused by implementing the proposal.

## Strengthening strategic environmental assessment practices

### All of the organizations we examined had made satisfactory progress in strengthening their strategic environmental assessment practices

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**What we found**

3.54 We found that the 26 organizations we examined had made satisfactory progress in strengthening their strategic environmental assessment practices. For example, they had, for the most part, implemented the recommendations made in our past reports, and had developed or updated internal guidance and tools to apply the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals.

3.55 Our analysis presents what we examined and discusses the following topic:

- Strengthening strategic environmental assessment practices

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**Why this finding matters**

3.56 This finding matters because organizations need to ensure that environmental considerations are integrated into their policies, plans, and programs. Decision makers should use this information to anticipate, prevent, or mitigate any potential negative environmental effects and enhance any environmental benefits.

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**Context**

3.57 In October 2010, the Treasury Board of Canada Secretariat and Environment Canada (now named Environment and Climate Change Canada) updated the guidance on completing departmental sustainable development strategies. The update required federal organizations to commit to strengthening their strategic environmental assessment practices. In the 2010–2013 Federal Sustainable Development Strategy, ministers and Cabinet committed to strengthening the application of strategic environmental assessments. The 2016–2019 Federal Sustainable Development Strategy reaffirmed the government’s commitment to apply strategic environmental assessments. It also affirmed the responsibility of organizations to document their sustainable development practices, including the implementation of strategic environmental assessments.

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**Recommendations**

3.58 We made no recommendations in this area of examination.

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**Analysis to support this finding**

3.59 **What we examined.** We examined whether the organizations had strengthened their strategic environmental assessment practices by improving internal policies, procedures, guidance, and templates. Our earlier audit reports had identified the need for these management practices.

3.60 **Strengthening strategic environmental assessment practices.** We found that all 26 organizations had made satisfactory progress in strengthening their strategic environmental assessment practices and, for the most part, had implemented the recommendations made in our past reports. They developed internal policies, guides, and decision-making tools, including standard environmental assessment forms, to ensure consistent application of the Cabinet directive.

## Conclusion

3.61 We concluded that the organizations we examined had adequately applied the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals to most policy, plan, and program proposals submitted for approval to Cabinet in 2017. Overall, the organizations had applied the directive to 93% of proposals, which represents a significant improvement in comparison with observations made in our previous reports on the same topic over the past five years. These organizations had also made satisfactory progress toward meeting their commitments to strengthening their strategic environmental assessment practices.

## About the Audit

This independent assurance report was prepared by the Office of the Auditor General of Canada on departmental sustainable development strategies. Our responsibility was to provide objective information, advice, and assurance to assist Parliament in its scrutiny of the government's management of resources and programs, and to conclude on whether the application of the strategic environmental assessment process complied in all significant respects with the applicable criteria.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard for Assurance Engagements (CSAE) 3001—Direct Engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook—Assurance.

The Office applies Canadian Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the relevant rules of professional conduct applicable to the practice of public accounting in Canada, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from entity management:

- confirmation of management's responsibility for the subject under audit;
- acknowledgement of the suitability of the criteria used in the audit;
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided; and
- confirmation that the audit report is factually accurate.

### Audit objective

The objective of this audit was to determine whether the federal departments and agencies we examined

- had 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 Cabinet, including the Treasury Board; and
- had adequately met their commitments to strengthening their strategic environmental assessment practices as outlined in their departmental sustainable development strategies, the Federal Sustainable Development Strategy, and departmental responses to recommendations from past audits by the Commissioner of the Environment and Sustainable Development.

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

## Scope and approach

This audit examined whether the following 26 federal departments and agencies we examined had applied the Cabinet directive and its related guidelines to policy, plan, and program proposals submitted to Cabinet (including the Treasury Board) during the period from 1 January 2017 to 31 December 2017:

- Agriculture and Agri-Food Canada
- Atlantic Canada Opportunities Agency
- Canada Border Services Agency
- Canada Economic Development for Quebec Regions
- Canada Revenue Agency
- Canadian Heritage
- Department of Finance Canada
- Department of Justice Canada
- Employment and Social Development Canada
- Environment and Climate Change Canada
- Fisheries and Oceans Canada
- Global Affairs Canada
- Health Canada
- Immigration, Refugees and Citizenship Canada
- Indigenous Services Canada, and Crown-Indigenous Relations and Northern Affairs Canada
- Innovation, Science and Economic Development Canada
- National Defence
- Natural Resources Canada
- Parks Canada
- Public Health Agency of Canada
- Public Safety Canada
- Public Services and Procurement Canada
- Transport Canada
- Treasury Board of Canada Secretariat
- Veterans Affairs Canada
- Western Economic Diversification Canada

The audit involved reviewing and analyzing key documents, interviewing federal organization officials, and examining the strategic environmental assessment documentation related to proposals submitted for approval to Cabinet, including the Treasury Board. In response to our requests, federal organizations provided data on the number of proposals they submitted. We did not audit this data for completeness.

## Criteria

Criteria	Sources
<p><b>We used the following criteria to determine whether the federal departments and agencies we examined</b></p> <ul style="list-style-type: none"> <li>• <b>had 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 Cabinet, including the Treasury Board; and</b></li> <li>• <b>had adequately met their commitments to strengthening their strategic environmental assessment practices as outlined in their departmental sustainable development strategies, the Federal Sustainable Development Strategy, and departmental responses to recommendations from past audits by the Commissioner of the Environment and Sustainable Development.</b></li> </ul>	
The selected departments and agencies have assessed policy, plan, or program proposals submitted for approval to Cabinet, including the Treasury Board, 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"> <li>• 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</li> </ul>
The selected departments and agencies have appropriately concluded on the need to complete a detailed strategic environmental assessment for each policy, plan, and program proposal. (For the purpose of this audit, “appropriately concluded” means that the scope of the analysis undertaken is commensurate with the level of anticipated environmental effects; important environmental effects, either positive or negative, have been assessed; and links to the Federal Sustainable Development Strategy goals and targets have been made and documented, where applicable.)	<ul style="list-style-type: none"> <li>• 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</li> </ul>
For each detailed strategic environmental assessment conducted, the selected departments and agencies have prepared a public statement of environmental effects that includes effects on the achievement of the Federal Sustainable Development Strategy goals and targets.	<ul style="list-style-type: none"> <li>• 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</li> </ul>
The selected departments and agencies have met their commitments to strengthen their strategic environmental assessment practices. They have adequate mechanisms in place to support compliance with the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals and its related guidelines. Specific mechanisms include guidance on when and how to apply the Cabinet directive and its related guidelines, and tools and processes to track and document the application of the Cabinet directive.	<ul style="list-style-type: none"> <li>• 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</li> <li>• Achieving a Sustainable Future: A Federal Sustainable Development Strategy for Canada 2016–2019, Environment and Climate Change Canada, 2016</li> <li>• Departmental sustainable development strategies in effect in 2017 for the selected federal organizations</li> </ul>

Criteria	Sources
<p>We used the following criteria to determine whether the federal departments and agencies we examined</p> <ul style="list-style-type: none"> <li>• had 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 Cabinet, including the Treasury Board; and</li> <li>• had adequately met their commitments to strengthening their strategic environmental assessment practices as outlined in their departmental sustainable development strategies, the Federal Sustainable Development Strategy, and departmental responses to recommendations from past audits by the Commissioner of the Environment and Sustainable Development. (continued)</li> </ul>	
	<ul style="list-style-type: none"> <li>• 2014 Fall Report of the Commissioner of the Environment and Sustainable Development, Chapter 5—Departmental Progress in Implementing Sustainable Development Strategies, recommendations 5.22 and 5.44, and related responses</li> <li>• 2015 Fall Reports of the Commissioner of the Environment and Sustainable Development, Report 3—Departmental Progress in Implementing Sustainable Development Strategies, recommendations 3.31 and 3.42, and related responses</li> <li>• 2016 Fall Reports of the Commissioner of the Environment and Sustainable Development, Report 3—Departmental Progress in Implementing Sustainable Development Strategies, recommendations 3.32 and 3.42, and related responses</li> <li>• 2017 Fall Reports of the Commissioner of the Environment and Sustainable Development, Report 4—Departmental Progress in Implementing Sustainable Development Strategies, recommendations 4.26, 4.36, and 4.54, and related responses</li> </ul>

### Period covered by the audit

For our work on how the organizations applied the Cabinet directive, the audit covered the period between 1 January 2017 and 31 December 2017. For our work considering whether the organizations strengthened their strategic environmental assessment practices, we considered improvements that were approved by the departments and agencies since the last time we audited them on this topic, starting in October 2013, up to 12 June 2018. This is the period to which the audit conclusion applies.



### **Date of the report**

We obtained sufficient and appropriate audit evidence on which to base our conclusion on 12 June 2018, in Ottawa, Canada.

### **Audit team**

Principal: Heather Miller  
Director: David Normand

Hélène Charest  
Alina Dan  
Kyla Tanner

## Appendix Application of the Cabinet directive to government proposals submitted to Cabinet, according to our audit findings from 2013 to 2018

Selected organizations	Past audit findings		Current audit findings <sup>1</sup>	
	Number of proposals <sup>2</sup>	Cabinet directive applied	Number of proposals <sup>2</sup>	Cabinet directive applied
2013 audit report				
Department of Finance Canada	Not assessed by the audit		1	1
Employment and Social Development Canada			24	18
Environment and Climate Change Canada			19	19
Innovation, Science and Economic Development Canada			15	15
Treasury Board of Canada Secretariat			11	8
2014 audit report				
Health Canada	Not assessed by the audit		14	14
Immigration, Refugees and Citizenship Canada			13	13
Indigenous Services Canada, and Crown-Indigenous Relations and Northern Affairs Canada			25	23
Natural Resources Canada			1	1
Transport Canada			13	11
2015 audit report <sup>3</sup>				
Agriculture and Agri-Food Canada	74	50	4	4
Canada Revenue Agency	19	5	6	6
Canadian Heritage	85	0	18	16
Fisheries and Oceans Canada	72	55	14	14
2016 audit report <sup>4</sup>				
Department of Justice Canada	55	34	23	23
National Defence	122	4	26	26
Parks Canada	10	8	5	5
Public Services and Procurement Canada	12	10	1	1
Veterans Affairs Canada	44	0	5	5

**Application of the Cabinet directive to government proposals submitted to Cabinet, according to our audit findings from 2013 to 2018 (continued)**

Selected organizations	Past audit findings		Current audit findings <sup>1</sup>	
	Number of proposals <sup>2</sup>	Cabinet directive applied	Number of proposals <sup>2</sup>	Cabinet directive applied
2017 audit report <sup>5</sup>				
Atlantic Canada Opportunities Agency	5	1	0	0
Canada Border Services Agency	39	21	4	3
Canada Economic Development for Quebec Regions	13	10	3	3
Public Health Agency of Canada	33	33	2	2
Public Safety Canada	84	4	19	15
Western Economic Diversification Canada	2	2	0	0
Not included in previous audit reports				
Global Affairs Canada	Not applicable		17	17
Overall audit finding	Total		283	263
	The Cabinet directive was applied to 263 of 283 proposals (93%).			

<sup>1</sup> This audit report covered the period from 1 January 2017 to 31 December 2017.

<sup>2</sup> Organizations provided this data in response to our requests. We did not audit the number of submitted proposals for completeness.

<sup>3</sup> The 2015 audit report covered the period from January 2011 to December 2014.

<sup>4</sup> The 2016 audit report covered the period from January 2013 to December 2015.

<sup>5</sup> The 2017 audit report covered the period from January 2013 to December 2016.









**Fall 2018**

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and Sustainable Development to the Parliament of Canada**

**The Commissioner's Perspective**

1. Toxic Substances
2. Protecting Marine Mammals
3. Departmental Progress in Implementing Sustainable Development Strategies
4. Environmental Petitions Annual Report