

SUMMARY

Dec. 2010

FOLLOW-UP OF FOREST REVENUE CONTROL RECOMMENDATIONS

Internal Audit and Advisory Services has conducted several reviews of forest revenue control activities since 2000.

The purpose of this engagement was to review the effectiveness of key revenue control activities by assessing progress to date against the results of previous reviews and to determine where significant risks to forest revenue remain.

At the time of our review, the Ministry of Forests and Range was responsible for ensuring that all Crown timber harvested is identified, and stumpage fees billed and collected. A system of controls throughout the Ministry of Forests and Range revenue management system was located within the Revenue Branch, Compliance and Enforcement Ministry of Forests and Range Branch, and within regional and district offices.

The review found that the ministry had taken steps to address recommendations from previous audits including:

- Implementation of risk based plans at the region and district office level;
- Information Technology systems enhancements;
- Improvements to appraisal processes;
- Introduction of a new scaling algorithm; and
- Ongoing assessment of risk based on capacity within and across critical business areas with the goal of mitigating risks to revenue.

However, additional work to address key revenue control requirements remains to be undertaken to lessen the risk of forest revenue loss including prioritizing outstanding risks to revenue and identifying and implementing appropriate actions to ensure that timber harvested is recorded accurately and the correct stumpage is billed.

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