Report on the Public Accounts Committee's Recommendations #3

In June 2021, the Standing Committee on Public Accounts (the Committee) published a report entitled, *Follow-up Audit on Rail Safety*, which included recommendations closely aligned with the Auditor General's February 2021 *Follow-up Audit on Rail Safety*. This report addresses the Committee's Recommendation #3.

Recommendation #3: That, by 31 August 2022, Transport Canada provide the House of Commons Standing Committee on Public Accounts with a report outlining the changes to its planning procedures for oversight activities to ensure that they integrate the findings from audits of safety management systems.

Transport Canada agreed with this recommendation and committed to identifying and adapting best practices to integrate safety management system audits into the selection of oversight activities for risk-based planning purposes. In addition, the Department agreed to update the risk-based business planning procedure to incorporate a review of audit findings. Finally, the Department committed that auditors and inspectors who take part in safety management system audits will also participate in risk-based business planning activities for the various functions to highlight and explain audit findings.

Progress:

Complete. Transport Canada has updated the Rail Safety Risk-Based Business Planning Procedure to include audit findings and to include Safety Management System (SMS) staff in risk-based planning activities. This process was implemented for the 2022-2023 planning season and resulted in a number of targeted audits being identified. This updated procedure will be applied starting in 2023-24.

The revised Risk based Business Planning Procedure is attached. Changes include more detailed guidance with respect to timing and data analysis on the Risk-Based Business Planning Procedure document. The following new requirements and responsibilities for regional and headquarters managers, and SMS teams were also added to the procedure:

Regional Managers
- Conduct a review of audit findings specific to region as well as audit findings from national railways that could impact the region;
- Conduct a review of the Notification of Change in Operations tracker along with any summaries of risk assessment reviews and any comments that could impact regional activity; and
- Propose a targeted SMS audit for issues meeting the triggers of a targeted audit in the Targeted Audit Framework.

Headquarters Functional Managers
- Conduct a review of audit findings that impact functional activity;
- Conduct a review of the Notification of Change in Operations tracker along with any risk assessments that could impact functional activity; and

- Propose a targeted SMS audit for issues meeting the triggers of a targeted audit in the Targeted Audit Framework

SMS Team in regions and at Headquarters
- Provide functional groups with audit findings, highlighting issues specific to their functional group;
- Provide functional groups with the list of risk assessments completed in the previous 12 months and the review of the Notification of Change in Operations tracker along with any summaries of risk assessment reviews;
- Assign SMS staff to attend national and regional functional Risk Based Business Planning meetings; and
- Complete Targeted Audit Identification Method for all issues identified by HQ & Regions for a potential targeted audit