

**ACTION PLAN IMPLEMENTATION STATUS UPDATE
REPORT TO THE AUDIT COMMITTEE
AS OF DECEMBER 31, 2014**

NAO			
<i>Audit of AANDC Management of Northern Oil and Gas</i>			
APPROVAL DATE: 26/09/2014			
PROJECT RECOMMENDATIONS	ACTION PLAN	EXPECTED COMPLETION DATE	PROGRAM RESPONSE
<p>1. The Assistant Deputy Minister of the Northern Affairs Organization should ensure control practices are clearly understood and consistently followed to ensure compliance to the <i>Canada Petroleum Resources Act</i> (CPRA), <i>Canada Oil and Gas Operations Act</i> (COGOA), and <i>Frontier Lands Registration Regulations</i> (FLRR).</p>	<ul style="list-style-type: none"> • Directorate will organize yearly training sessions for all officers engaged in CPRA, COGOA and FLRR matters to ensure consequential administrative practices are followed, in particular, all decision points are verified against legislative requirements. 	<p>October 1, 2014</p>	<p>Status: Completed – October 1, 2014</p> <p>Update/Rationale: As of 31/12/2014:</p> <p>Training session has been included in Directorate yearly work plan. The 2015 session will be held as new staff join the group. This is expected to occur in Q1 2015-16.</p> <p>AES: Implementation complete. Recommendation to be closed. Closed.</p>
<p>2. The Assistant Deputy Minister of the Northern Affairs Organization, in collaboration with the Chief Information Officer, should:</p> <ul style="list-style-type: none"> • perform a review of user access to the Land Administration System (LAS) and the Royalty Management System (RMS) and formalize a process for ongoing review and removal of access to the systems; 	<ul style="list-style-type: none"> • 1) IMB is currently reviewing the list of users with the client, and will request that they do a quarterly review based on lists we will provide them on a regular basis. 	<p>October 1, 2014</p>	<p>1) Status: Completed – October 1, 2014</p> <p>Update/Rationale: As of 31/12/2014:</p> <p>A review of user access has been performed and a process for ongoing review and removal of access to the system has been formalized. An updated list of active production users was</p>

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<ul style="list-style-type: none"> • assess the feasibility of improving RMS functionality to reduce the need for external spreadsheets; and, • review data entry validation controls in RMS in order to reduce the risk of data integrity errors. 	<ul style="list-style-type: none"> • 2) Formal process will be implemented requiring Director, NPMRMD or Manager, Land Tenure or Royalty Management approval for new user accounts for LAS and RMS. • 3) A change in functionality request will be submitted to IMB to deal with the need for external spreadsheets • 4) Royalty management manager will oversee the review of all fields to ensure validation rules are implemented where 		<p>reviewed regularly by IMB and Program officers.</p> <p>2) Status: Completed – October 1, 2014</p> <p>Update/Rationale: As of 31/12/2014:</p> <p>A formal process for approving new user accounts of Royalty Management System has been implemented.</p> <p>3) Status: Underway</p> <p>Update/Rationale: As of 31/12/2014:</p> <p>Royalty team has submitted a change request in respect of a change in functionality to IMB. Work is progressing on fixing the data issue. Once the data issue has been resolved, IMB will focus on the enhancement request with respect to the creation of a template in RMS for reporting the accounts' running balances. Expected completion date of June 30, 2015.</p> <p>4) Status: Completed – October 1, 2014</p> <p>Update/Rationale: As of 31/12/2014:</p>

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	appropriate.		<p>Review process in respect of validation rules has been implemented.</p> <p>AES: Implementation of multiple actions either complete or underway. Recommendation will be closed once IMB has completed functionality improvements to RMS.</p>
<p>3. The Assistant Deputy Minister of the Northern Affairs Organization, in collaboration with the Director General, Human Resources and Workplace Services Branch, should, as part of the process to finalize and formalize the post-devolution organizational structure and roles and responsibilities related to northern oil and gas management, ensure that the revised structure and alignment of responsibilities are clearly articulated and communicated to industry and other stakeholders.</p>	<ul style="list-style-type: none"> New structure and responsibilities will be conveyed to industry and stakeholders during planned meetings in Fall/Winter 2014 and as further opportunities present. 	<p>December 31, 2014</p>	<p>Status: Completed</p> <p>Update/Rationale: As of 31/12/2014:</p> <p>Briefing provided to industry and stakeholders in fall 2014 on new structure and responsibilities.</p> <p>AES: Implementation complete. Recommend to close. Closed.</p>

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<p>4. The Assistant Deputy Minister of the Northern Affairs Organization should, upon completion of devolution, develop a practice to perform a periodic review of program design and identify options for recommendation which could help improve the design of the program.</p>	<ul style="list-style-type: none"> • As part of continuous improvement, program design will be reviewed prior to the launch of each Call for Bids (usually on annual basis). • A yearly assessment will examine current policy and legislative framework for offshore exploration and the associated considerations. This may identify issues that could warrant changes to program design. In addition, the program will look to build on existing multi-lateral collaboration through the Arctic Council for further opportunities to share best practices with organizations with similar mandates. 	<p>Ongoing, annually</p> <p>October 1, 2014</p>	<p>Status: Underway</p> <p>Update/Rationale: As of 31/12/2014:</p> <p>Program design has been reviewed and changes are in the process of being implemented. Expected completion of changes is April 1, 2015.</p> <p>AES: Implementation largely complete. Recommendation to be closed. Closed.</p>