

Annual Compliance Plan Overview



Fiscal 2021/22



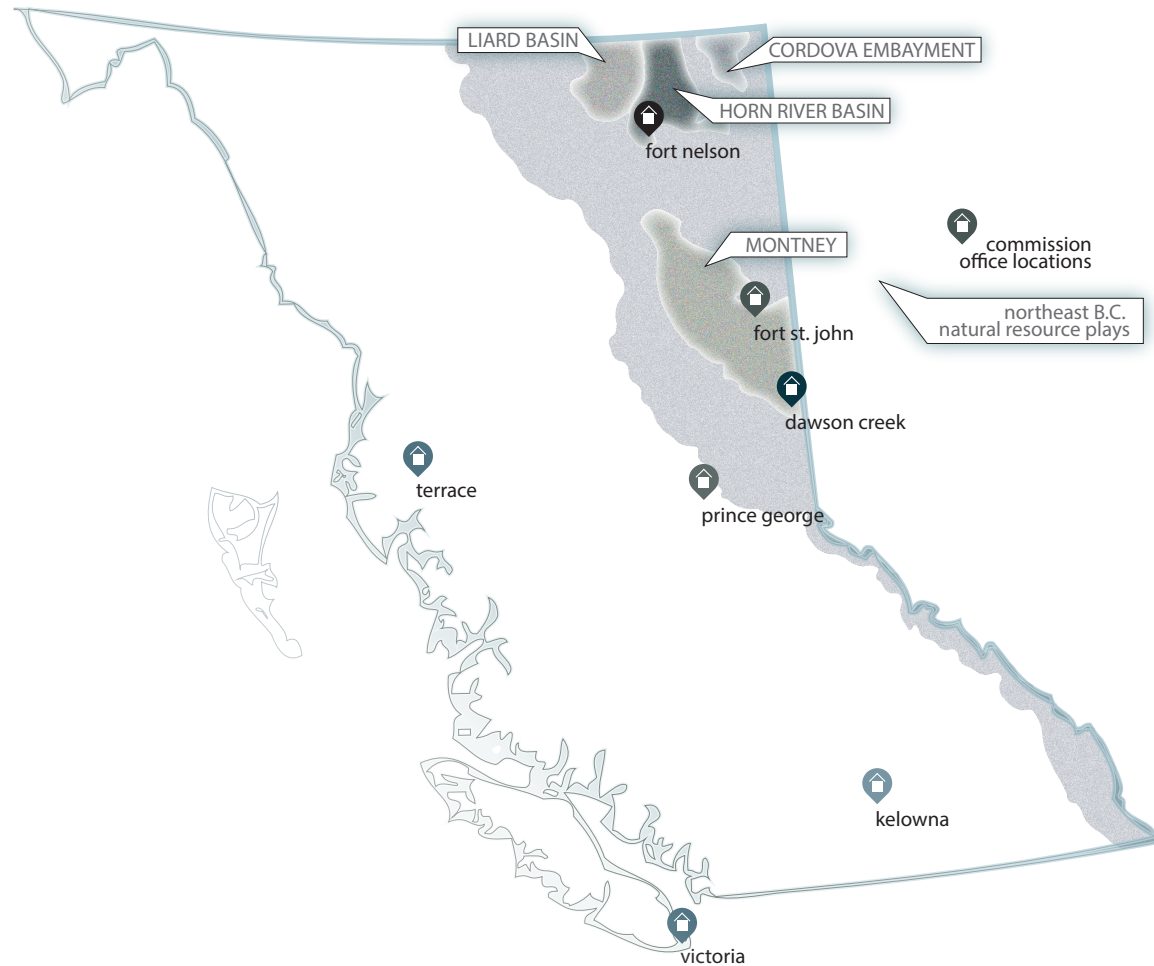
PURPOSE

This Annual Compliance Plan (ACP) was drafted to identify an appropriate and attainable mix of compliance verification activities for the year, while ensuring compliance resources are used to maximum effect. The ACP was developed with input from Compliance and Enforcement, Engineering, Integrity and Technical Compliance, Environmental Stewardship, External Audit and the greater Engineering and Operations divisions.

BC OIL AND GAS COMMISSION

The [BC Oil and Gas Commission](#) (Commission) is the provincial regulatory agency with responsibilities for regulating oil and gas activities in British Columbia, including exploration, development, pipeline transportation and reclamation.

The Commission's core services include reviewing and assessing applications for industry activity, consulting with First Nations, cooperating with partner agencies, and ensuring industry complies with provincial legislation and all regulatory requirements. The public interest is protected by ensuring public safety, respecting those affected by oil and gas activities, conserving the environment, and ensuring equitable participation in production.



COMPLIANCE MANAGEMENT AND OVERSIGHT

The Oil and Gas Activities Act, provides the Commission's mandate to regulate oil and gas activities in B.C. A comprehensive regulatory framework governing oil and gas operations has been developed by the Province and the Commission. The assessment of compliance within that framework is a critical element in fulfilling the Commission's mandate.

The Commission's Compliance Management System (CMS) includes the principles, roles, responsibilities, requirements, and methodologies - established in a Compliance Management Policy - through which the Commission assures compliance of oil and gas activities with the regulatory framework.

Operation and continuous improvement of the Commission's CMS is led by a Compliance Steering Committee, consisting of senior leadership from several operational and technical business units and is led by the Commission's Chief Operating Officer.

Compliance Principles

All compliance management processes under the Commission's CMS are designed, planned, carried out and evaluated in accordance with the following principles:

- **Fair:** Compliance activities afford all affected parties a fair process and compliance decisions are made by objective, competent decision-makers.
- **Defensible:** Compliance activities and supporting intelligence are accurate and support activities undertaken by the Commission.
- **Predictable:** Enforcement outcomes from compliance activities are fair and predictable under clearly understood conditions.
- **Risk-informed:** Compliance management processes are informed by risk, ensuring resources are used to the maximum effect.
- **Responsive:** All identified potential situations of non-compliance are examined and non-compliances are met with appropriate action and tracked until corrected.
- **Collaborative:** Business areas work together, share information and engage stakeholders, to ensure the CMS achieves performance expectations.
- **Adaptive:** Knowledge gained from compliance management processes, independent third-party observations and other sources will be used to systematically improve the CMS through a continuous improvement process.



Compliance Verification Activities

The Commission carries out several activities and business processes every year to assess whether or not regulatory requirements have been met by oil and gas permit holders. These activities include, but are not limited to, audits, inspections, administrative monitoring, as well as permit holder self-assessments. ACP documents include annual plans for audits and inspections, the results of which may inform adjustments or improvements to other verification processes.

- **Audit:** An independent, systematic and documented process to obtain and evaluate evidence to determine the extent to which audit criteria are fulfilled.
- **Inspection:** An on-site, compliance verification activity or process that involves the methodical examination and assessment of regulated activities or operations against requirements. May occur at any time during the life of a project.
- **Administrative Compliance Monitoring:** An office-based compliance verification procedure which may include any activity to track or assess compliance associated with operational submissions that must be provided to the Commission, including data, notices, reports or any other information required to be submitted. Some administrative monitoring mechanisms may consist of or be aided by automated tools to identify alleged non-compliances, such as reports.
- **Permit holder self-assessment:** A compliance verification method carried out by permit holders, which uses a standardized approach pre-defined or sanctioned by the Commission to assess and/or report on compliance with a requirement.



ANNUAL COMPLIANCE PLAN DEVELOPMENT

The Annual Compliance Plan establishes the Commission's priorities and targets for inspections and audits for the coming fiscal year. The annual plan consists of an inspection plan and an audit plan, along with measurable targets against which quarterly and annual reporting can be carried out.

The Annual Compliance Plan is created using a cyclical Plan-Do-Check-Act process for continuous improvement.

Plan: Key inputs into the ACP are inspection selection and planning criteria and methodologies, audit planning schedules, results from previous ACP implementations, corporate-level risk registers and other strategic drivers.

Do: Includes the implementation of the annual inspection and audit plans.

Check: Includes quarterly and annual reporting related to the progress of plan implementation, identification of any key trends, and any recommended actions. This may also incorporate operational data and trends from the various compliance verification process carried out at the business unit level.

Act: Involves responding to information obtained from the check phase – both quarterly and annually - to enhance performance to expectations. Some actions identified may be executed immediately upon observation, or as part of improvements prioritized within the next year's ACP.

ACP Component: Annual Inspection Plan

The Annual Inspection Plan identifies target or benchmark numbers of inspections to be completed from each inspection selection stream. Targets are established for selection streams where inspections are pre-planned. Benchmarks have been established for selection streams that are triggered by operational events, external requests, etc. Overall, the Commission completes in excess of 4,500 inspections annually.

The Commission's inspection selection and planning methodology is made up of

several selection streams based on several risk-based and operational drivers.

- **Data and Risk-Informed:** This stream selects inspections based on site characteristics, observed compliance trends and associated risk.
- **Event-Driven:** This stream selects inspections after operational events at oil and gas sites (notice of construction, pressure test, Leave To Open notices, etc.).
- **Responsive:** These Include inspections requested by a business area within

the Commission or by an external party. This stream provides responsiveness to specific stakeholder interests or concerns, and identification of potentially emergent compliance trends.

- **Officer Selected:** These inspections are selected by officers based on an evaluation of inspection frequency, inspection coverage within an area, local knowledge and response to seasonal access into remote areas. As these inspections are often conducted alongside other planned inspections, they positively influence inspection efficiency by rounding out daily activities in a particular area.

ACP Component: Annual Audit Plan

The Commission performs audits to assess the effectiveness of permit holders' program areas in accordance with specified audit criteria. Auditing is used to assess compliance with requirements, which are outside the scope of routine inspections and involves verifying adherence to specific criteria derived from requirements or regulations and looks at the overall method by which a risk is managed. Audits may also be broad-based, assessing industry trends or effectiveness of existing regulation.

The focus is on the processes and procedures used to meet specified criteria or requirements, and the overall effectiveness. The scale and scope of individual audits is based on the size and nature of the auditee as well as on the nature, functionality, complexity and the aspect of the area or system to be audited. This includes audits of single, multiple or integrated management system(s) or program areas conducted either separately or in combination.

ACP MONITORING AND RESULTS

The Commission tracks progress towards completion of planned activities in the ACP through preparation and review of quarterly and annual reports. These reports are reviewed by business unit leaders and all members of the Compliance Steering Committee.

After the completion of an ACP cycle, the Commission reviews and analyses audit and inspection results to identify trends or findings that may inform changes to criteria used in planning future ACP activities.



TABLE 1: COMPLIANCE VERIFICATION PROGRAM AREA GOALS AND PERFORMANCE TARGETS

INSPECTION PLAN	NUMBER OF INSPECTIONS	PERFORMANCE TARGET
Data and Risk Informed	2,800	Greater than or equal to 90% completion
Event Driven	50	N/A
Responsive	100	N/A
Officer Selected	1,500	N/A
AUDIT PLAN	NUMBER OF AUDITS	PERFORMANCE TARGET
Certificate of Restoration (COR) Audit Program	17	Greater than or equal to 90% completion
Dam Audit Program	1	Greater than or equal to 90% completion
Emergency Management Competencies and Training	2	Greater than or equal to 90% completion
Environment (Spills and Mitigations)	2	Greater than or equal to 90% completion
Facilities Integrity Management Program	16	Greater than or equal to 90% completion
Heritage Conservation Audit Program	10	Greater than or equal to 90% completion
Pipeline Integrity Management Program	15	Greater than or equal to 90% completion
Water Management and Licencing (ERA)	1	Greater than or equal to 90% completion

For specific questions or enquiries
regarding this data, please contact:
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