



HCTF Project Evaluation 2010-11

BC Wetland Partnership Program HCTF Project #0-247

Prepared by: Sucha More
March 2011

1. INTRODUCTION	1
2. OBJECTIVES	1
3. SCOPE	1
4. METHODOLOGY AND APPROACH.....	2
5. RESULTS	2
SUMMARY	2
OPERATION AND MAINTENANCE ACTIVITIES.....	3
CONSERVATION ACTIVITIES.....	5
LEVERAGING	5
Appendix 1 – Operations and Maintenance Activities	7
Appendix 2 – Conservation Activities.....	8

1. INTRODUCTION

The Habit Conservation Trust Foundation (HCTF) provides annual grant funding to Ducks Unlimited Canada (DUC) for the BC Wetland Partnership Program (HCTF Project #0-247). The funding is used to operate, maintain and manage wetland and associated upland habitat for DUC's fish and wildlife conservation projects throughout BC.

The HCTF contribution toward operation and maintenance expenditures allows DUC to direct an equal amount of money to habitat protection, restoration and enhancement, and which is matched dollar for dollar by the North American Waterfowl Conservation Act. HCTF provides DUC annual grant funding of \$250,000, with a total of \$1.9 million provided since 2002/03.

DUC is a national, private, non-profit organization, with its conservation activities targeted to waterfowl and other wetland dependent wildlife. As wetlands are a key habitat element within a landscape and watersheds, many game and non-game species of fish and wildlife benefit from the conservation actions undertaken by the Wetlands Partnership Program.

2. OBJECTIVES

The objectives of this evaluation were to determine if DUC:

- Effectively used HCTF funds for the operation and maintenance (O&M) of on-the-ground wetland conservation projects that are consistent with HCTF strategic objectives and outcomes identified in approved project proposals.
- Obtained additional outside funding to leverage HCTF dollars for new conservation work that are consistent with HCTF strategic objectives

3. SCOPE

The scope focused primarily on fiscal 2009/10 O&M activities that utilized HCTF funds and new funding that DUC used for conservation work.

The evaluation included both financial and operational components. This included the verification of costs attributed to O&M and conservation activities, with visits to selected sites to determine that the activities occurred.

For logistical purposes, the field visit component for O&M activities was limited to the Lower Mainland and Vancouver Island while conservation projects were field visited only on Vancouver Island.

In analyzing the funding sources for the conservation projects (funds received in the current and previous years), limited work was undertaken because DUC could not provide a complete listing of the projects and costs for conservation projects. DUC indicated that system limitations did not allow the production of such a listing without significant efforts.

4. METHODOLOGY AND APPROACH

The evaluation was undertaken as follows.

Preliminary phase

- Developed terms of reference that included obtaining DUC comments.
- Obtained preliminary information that included a listing of O&M activities and their related costs and the revenue sources/amounts.

Part 1 – This phase was conducted at DUC offices in Surrey

- Obtained a copy of general ledger report supporting reported O&M activities (for projects with expenditures greater than \$1,000)
- Obtained a listing of the larger conservation projects and their related costs
- Selected a sample of specific O&M activities and conservation projects for verification of the costs and revenues
- Verified costs for selected O&M activities and conservation projects, involving detailed verification to invoices and other costing documents
- As DUC receives revenues at its offices across Canada for its BC operations, we could only examine the receipts in the Surrey office. This limited our ability to verify all revenues recorded in the general ledger to deposit slips and DUC file correspondence from funding parties.
- For a selected sample, we identified specific costs that we could assess in the field to assure the work/activity was completed

Part 2 – This phase was conducted in the field for the selected sample

- Conducted site visits for selected O&M activities and conservation projects
- Determined whether the specified action occurred
- Assessed at a high level the quality of the completed work
- Concluded on the reasonableness of costs

5. RESULTS

SUMMARY

No issues were identified with the costs we reviewed in support of the reported O&M activities for 2009/10. However, our work did not include projects with expenditures less than \$1,000. The process DUC used to calculate O&M in-kind contributions is reasonable.

No issues were identified with the costs of the projects we examined in support of conservation activities for 2009/10. However, our work was limited to the 12 projects that DUC identified as conservation projects and for which they provided expenditure information.

DUC indicated that without significant efforts, system limitations did not allow the production of a listing of O&M projects with less than \$1,000 of expenditures or the production of a listing of all conservation projects and their related costs.

No issues were identified for any of the O&M and conservation projects that were site visited.

In accordance with the assumptions made in this report, the minimum leveraging of 2 to 1 has been met, with actual leveraging being at least a 5 to 1 ratio.

Recommendation

We recommend that DUC consider system enhancements or staff training to allow reporting of all project costs for O&M and conservation activities.

OPERATION AND MAINTENANCE ACTIVITIES

The project financial information DUC reported in its 2009/10 annual report to HCTF was obtained from its corporate system, which provides general ledger and operational support. The project report identified direct costs of O&M activities of \$342,931 and in-kind costs of \$352,690.

The direct costs relate to expenses that can be traced to the O&M activity and to a specific project segment, such as mowing or property tax costs. The in-kind costs relate to indirect expenses that are not specifically assigned, such as rent and employee benefits, and applied to O&M and other functions using the number of days of direct staff time. All activities in DUC are under one of 18 functions, which in addition to O&M, includes Habitat Enhancement and Securement.

Revenues

The direct O&M expenses of \$342,931 in 2009/10 were funded by \$250,000 from HCTF supplemented by contributions from DUC/NAWCA (\$63,975), Chemainaus Quay & Marina (\$25,000), Creston Valley Wildlife Area (\$5,000) and AECOM (\$500).

The funding for the in-kind contributions of \$352,690 relates to other revenues DUC receives, such as gifts and donations from governments, corporations and

individuals. Revenue sources also include land sales and the recovery of property taxes for its leased lands (which were paid and charged under the O&M function)¹. Note, HCTF funds that DUC receives are not used to pay for property taxes on land that DUC administers. DUC directs other funding such as internal funding and from DU Inc and NAWCA to cover property tax expenses.

Expenditures

The required O&M activities are identified each year using a priority approach that assesses the biological, legal and other consideration for each project and estimates the costs to undertake the work. We did not evaluate the priority approach used by DUC to allocate O&M resources.

In its project report to HCTF, DUC identified 54 separate projects with O&M activities of \$1,000 or more. We selected 18 of these projects to ensure that the project costs were supported, examining supplier invoices and other documentation, such as payment requisitions. The costs of the projects examined totalled \$192,414, of which we tested \$162,664 (see Appendix 1).

In addition to examining documents, we field visited six of the projects to determine that the costs were supported by work in the field. This included the Serpentine Wildlife Management Area (South Surrey), Dudley Marsh (near Parksville), Pitt Marsh (Pitt Meadows), Fanny Bay and Roberts Bank back-up lands (Ladner). No issues were identified in the site visits.

For projects with O&M activities of \$1,000 or less, DUC grouped and reported the costs by region, with total reported costs of \$79,745. We did not examine any of these expenditures because DUC were not able to provide us with details of these costs. Similar to the conservation projects, DUC indicated that system limitations did not allow the production of such a listing without significant efforts.

The in-kind contributions of \$352,690 are based on the amount of time DUC staff charge to each function, such as O&M or Securement. The time costs are calculated using a staff day rate of \$513, which is a factor of the total projected indirect costs for the DUC costs in BC and the total number of available working staff days. Other than a review of the staff day rate calculation, no work was undertaken to evaluate the DUC time reporting system that staff use to report their time spent on the various functions.

¹ Normally DUC pays the property taxes for land it owns. As some of this land is leased to farmers (e.g., Roberts Bank back-up lands), DUC recovers the related property taxes. In its annual report to HCTF, the revenue from the recovery of the property taxes is not shown as a funding source for O&M activities.

Conclusions

No issues were identified with the costs we reviewed in support of the reported O&M activities for 2009/10. However, our work did not include projects with expenditures less than \$1,000. No issues were identified for any of the O&M projects that were site visited.

The process used to calculate in-kind contributions is reasonable.

CONSERVATION ACTIVITIES

The 2009/10 project report to HCTF generally described DUC conservation activities in such categories as habitat securement, restoration/enhancement, stewardship, policy, and evaluation/monitoring. Although expenditures under each of these objectives were not reported to HCTF, the DUC financials for BC show the following costs for key objectives:

- Habitat enhancement - \$710,965
- Securement - \$500,207
- Education- \$191,861
- Research and evaluation - \$52,776
- Extension - \$160,831

As noted above, DUC could only provide from their financial systems the details of expenditures for the larger projects. Appendix 2 contains a listing of 12 projects for which DUC provided financial details. The projects relate to habitat securement, restoration and enhancement objectives. The expenditures for these projects total \$592,218, of which we tested \$508,015 (86%). Two of the conservation projects were field visited, which includes the Chemainus estuary acquisition (\$137,731) and the Buttertubs rebuild in Nanaimo (\$83,438). No issues were identified in the site visits.

Conclusion

No issues were identified with the costs of the projects we examined in support of conservation activities for 2009/10. However, our work was limited to the 12 projects that DUC identified as conservation projects and for which they provided expenditure information. No issues were identified for the conservation projects that were site visited.

LEVERAGING

In DUC's funding proposal to HCTF, it committed to a minimum of a 2:1 ratio of funds it would raise from other sources for conservation activities. The primary

source of funds DUC leverages is from DUC Inc (US parent) and US Fish and Wildlife, which administer funding for the North American Wildfowl Conservation Act (NAWCA). The NAWCA funds are set aside upon approval of a longer-term proposal and allocated as eligible quarterly expenditures are submitted.

Using expenditures as a measure of the leveraging and using only habitat securement and enhancement, the ratio of leveraging is about 5 to 1. Using revenues as a measure of the leveraging and considering the 2009/10 combined revenues from NAWCA and DU Inc of \$2,545,476 (per DUC financials for BC), the ratio of leveraging is about 10 to 1. Annual HCTF funding of \$250,000 was used in both calculations.

Conclusion

The minimum leveraging of 2 to 1 has been met, with actual leveraging being at least a 5 to 1 ratio.

Appendix 1 – Operations and Maintenance Activities

Project name and region	Project Direct Costs	\$ Value Tested	Description of activities	Results
Wendler Marsh, Omineca	27,611	24,508	Water control reconstruction (two spillways)	- Review of costs only - Costs supported and consistent with activity description
South Bummers Marsh, Kootenay	5,323	3,676	Ditch clean out, pump operation	- Review of costs only - Costs supported and consistent with activity description
Saugam Lake, Kootenay	5,057	4,200	Dam repair	- Review of costs only - Costs supported and consistent with activity description
Middle Bummers Marsh, Kootenay	4,845	3,698	Ditch clean out, pump operation	- Review of costs only - Costs supported and consistent with activity description
Vaseux Marsh, Okanogan	5,437	3,711	Dyke brushing, pump operation	- Review of costs only - Costs supported and consistent with activity description
Engen Marsh, Omineca	7,045	6,813	Water control replacement (spillway)	- Review of costs only - Costs supported and consistent with activity description
Endako Marsh, Omineca	10,617	9,482	Water control replacement (spillway)	- Review of costs only - Costs supported and consistent with activity description
Tautri-Rosita Lakes	3,459	2,819	Beaver debris removal	- Review of costs only - Costs supported and consistent with activity description
Fletcher Ponds, Cariboo	14,284	8,390	Ditch improvement (raise freeboard along 1.5 km)	- Review of costs only - Costs supported and consistent with activity description
Salmon Arm Indian Lands, Thompson	5,605	5,605	Repair and modify fence	- Review of costs only - Costs supported and consistent with activity description
Serpentine, Lower mainland	29,029	23,430	Vegetation mowing, pump repairs, site maintenance (Picture 1)	- Review of costs and field visited - Costs supported and consistent with activity description
Dudley Marsh, Vancouver Island	8,847	7,968	Weir repairs, fish passage improvements (Picture 2)	- Review of costs and field visited - Costs supported and consistent with activity description
Pitt Marsh, Lower Mainland	10,344	8,641	Vegetation mowing (Picture 3), dyke maintenance, beaver debris removal	- Review of costs and field visited - Costs supported and consistent with activity description
Fanny Bay – Section 2 Vancouver Island	9,191	8,251	Culvert replacement and repairs (Picture 4)	- Review of costs and field visited - Costs supported and consistent with activity description
Gunn Island, Lower Mainland	4,546	4,521	Flapgate and dyke repairs	- Review of costs only - Costs supported and consistent with activity description
Roberts Banks – Back-up Lands, Lower Mainland	30,288	29,434	Farm improvements, property taxes (Picture 5)	- Review of costs and field visited - Costs supported and consistent with activity description
Cutbank Lake	4,787	4,015	Control structure repair	- Review of costs only - Costs supported and consistent with activity description
Patterson Project, Peace	6,099	3,502	Diversion ditch washout repair	- Review of costs only - Costs supported and consistent with activity description
Sub-totals	192,414	162,664		

Projects not examined **150,517**

Total O & M Direct Costs **342,931**

Appendix 2 – Conservation Activities

Program	Project	Project Costs	\$ Value Tested	Results
Wetland enhancement program				
	Anaham – Anahim Lake	\$15,600	\$15,600	- Review of costs only - Costs supported
	Pressy Lake – 100 Mile House	56,697	46,287	- Review of costs only - Costs supported
	Fly Creek – 100 Mile House	10,202	7,800	- Review of costs only - Costs supported
Conservation agreements				
	Watch Creek – 100 Mile House	6,305	4,800	- Review of costs only - Costs supported
	Tooley Marsh – Northeast of Williams Lake	3,000	3,000	- Review of costs only - Costs supported
	Disputed Lakes – 100 Mile House	400	400	- Review of costs only - Costs supported
Acquisition				
	Schafer Oxbow – Oliver	43,521	43,500	- Review of costs only - Costs supported
	Chemainus – Vancouver Island (Picture 6)	137,731	113,004	- Review of costs and field visited - Costs supported
	Redmond Pit – Vanderhoof	117,321	109,609	- Review of costs only - Costs supported
Rebuilds				
	Buttertubs – Nanaimo (Pictures 7 and 8)	83,438	78,454	- Review of costs and field visited - Costs supported
	Rose Kirkland – Ladner	48,586	35,190	- Review of costs only - Costs supported
Habitat Restoration				
	Hartnell – Dawson Creek	69,417	50,371	
Total		592,218	508,015	

Picture 1 – Serpentine dykes and area that require mowing - O&M



Picture 2 – Dudley Marsh monitor box - O&M



Picture 3 – Pitt Marsh Dykes that require mowing and maintenance – O&M



Picture 4 – Fanny Bay culvert replacement with flap – O&M



Picture 5 - Roberts Bank – Drainage tile installation and pump house – O&M



Picture 6 – Chemainus - Acquisition



Picture 7 – Buttertubs - Rebuild



Picture 8 – Buttertubs conservation area- - Rebuild

