



Canada Energy
Regulator

Régie de l'énergie
du Canada

Suite 210, 517 Tenth Avenue SW
Calgary, Alberta
T2R 0A8

Final Audit Report
Campus Energy Partners Operations Inc.
Audit Topic: Annual Report
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Executive Summary

The Canada Energy Regulator (CER) expects pipelines and associated facilities within the Government of Canada's jurisdiction to be constructed, operated, and abandoned in a safe and secure manner that protects people, property, and the environment. To this end, the CER conducts a variety of compliance oversight activities, such as audits.

Section 103 of the *Canadian Energy Regulator Act* (S.C. 2019, c.28, s.10) authorizes Inspection Officers to conduct audits of regulated companies. The purpose of these audits is to assess compliance with the *Canadian Energy Regulator Act* and its associated Regulations.

The purpose of operational audits is to ensure that regulated companies have established and implemented both a management system and its associated programs, as specified in the *Canadian Energy Regulator Onshore Pipeline Regulations* (SOR/99-294) (OPR).

The CER conducted an: **Annual Report** Operational Audit of Campus Energy Partners Operations Inc. (CEPO) (the auditee) between 20 August 2021 and 3 December 2021.

The objectives of this audit are to verify that the auditee's Annual Report meets the requirements of the *Canadian Energy Regulator Onshore Pipeline Regulations* (SOR/99-204); and that the auditee has the necessary processes, procedures, and work instructions in place to fulfil the requirements of section 6.6.

Of five (5) audit protocols, five (5) were deemed non-compliant.

The Annual Report did not contain any of the content required by section 6.6 of the OPR, which includes a description of:

- the company's performance in achieving its goals, objectives and targets;
- the adequacy and effectiveness of the company's management system; and
- actions taken to correct deficiencies identified via a quality assurance program.

The auditee's management system requires significant work to meet the OPR requirements.

Within 30 calendar days of receiving the Final Audit Report, the auditee shall file with the CER a Corrective and Preventive Action (CAPA) Plan that details how the non-compliant findings will be resolved. The CER will monitor and assess the implementation of this CAPA Plan to confirm that it is completed in a timely manner.

Note that all findings are specific to the information assessed at the time of the audit as related to the audit scope.

The Final Audit Report will be made public on the CER website.

The auditors have found several deficiencies that are outside of the scope of this audit. The auditee approved an Operational Management System on 1 January 2020, which depicts processes and programs that have not yet been developed. In other words, the auditee has not demonstrated the implementation of the following programs: environmental protection, security management, emergency management, damage prevention, and quality assurance. Additionally, several elements within the management system (e.g., audits) have also not been implemented. Thus, the CER may follow up with additional compliance verification activities in the future.

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1.0 Background

1.1 Introduction

The Canada Energy Regulator (CER) expects pipelines and associated facilities within the Government of Canada's jurisdiction to be constructed, operated, and abandoned in a safe and secure manner that protects people, property, and the environment.

Section 103 of the *Canadian Energy Regulator Act* (S.C. 2019, c.28, s.10) authorizes Inspection Officers to conduct audits of regulated companies. The purpose of these audits is to assess compliance with the *Canadian Energy Regulator Act* and its associated Regulations.

The purpose of operational audits is to ensure that regulated companies have established and implemented both a management system and its associated programs, as specified in the *Canadian Energy Regulator Onshore Pipeline Regulations* (SOR/99-294) (OPR).

The CER conducted an: **Annual Report** Operational Audit of Campus Energy Partners Operations Inc. (CEPO) (the auditee) between 20 August 2021 and 3 December 2021.

1.2 Description of Audit Topic

The OPR requires that the company generate an annual report that is reviewed and signed by the accountable officer. This annual report must describe the company's performance in achieving its goals, objectives, and targets during the previous year, as evaluated by the company's performance measures. In addition, the report must describe the adequacy and effectiveness of the company's management system in achieving the company's policies, goals and objectives; and the actions taken during the year to correct any deficiencies identified by the company's quality assurance program.

Once the company has prepared its annual report and it has been reviewed and signed by the accountable officer, the company must advise the CER of this in writing. This written advisory is to be signed by the accountable officer and delivered to the CER no later than 30 April of each year.

The receipt of this notification each year serves to advise the CER that the accountable officer is aware of and has signed off on an annual report which details:

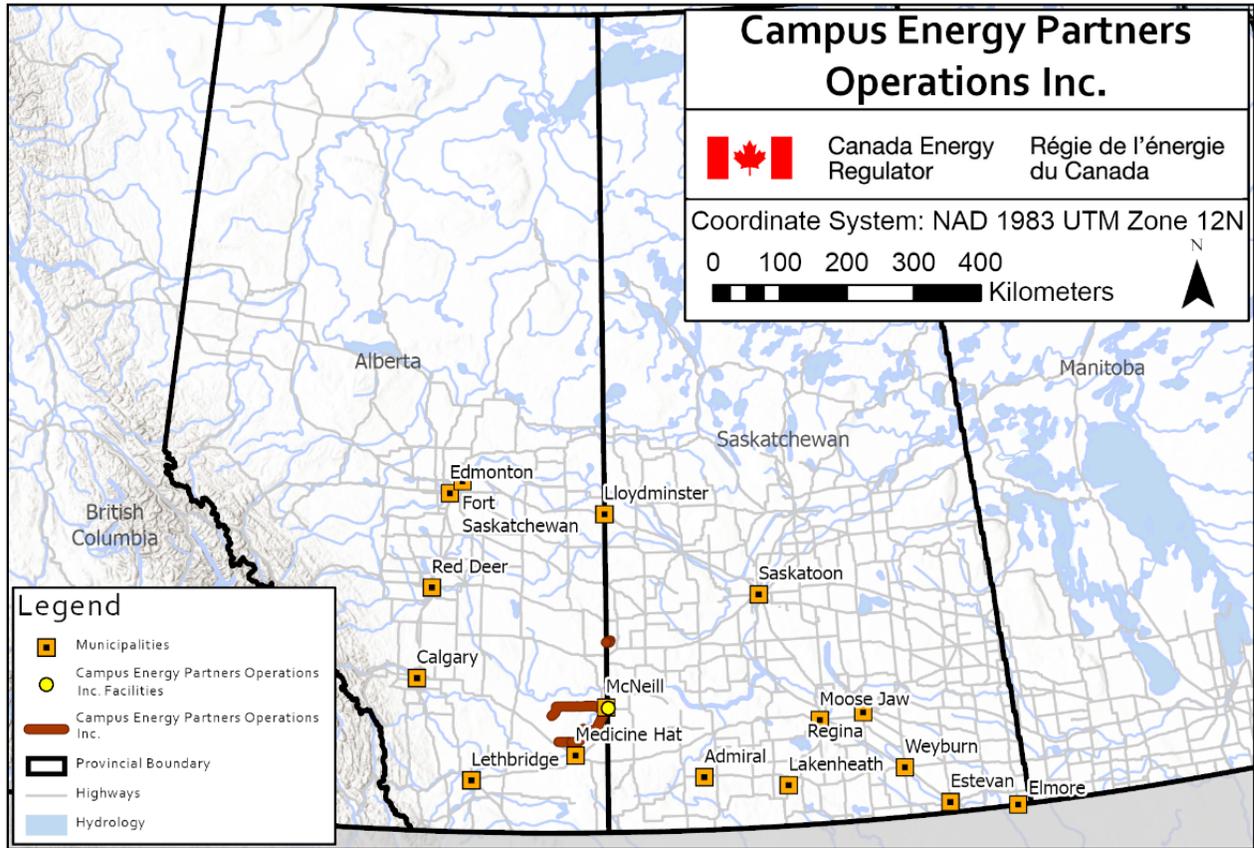
- The adequacy and effectiveness of the management system and programs;
- Any deficiencies identified through the company's quality assurance measures; and
- The status of the actions being taken to rectify any deficiencies.

The CER does not normally ask companies to provide a copy of this annual report, but simply to verify that it has completed it and that it has been reviewed and signed by the accountable officer. However, the CER can ask companies to produce the report, as it did during this audit.

More detailed explanations of the CER's expectations for this audit are explained in Appendix 1.0.

1.3 Company Overview

CER regulated assets owned by Campus Energy Partners Operations Inc., include transmission pipelines that transport natural gas from central and southeast Alberta to Saskatchewan (Figure 1). The Suffield Transmission pipeline system consists of two separate pipelines with a combined design capacity of 400 MMcf/d, and pipeline length of approximately 240 km. The Central Border District is composed of several gathering pipelines near Esther Alberta, Loverna Saskatchewan, and Marengo Saskatchewan.



The map is a graphical representation intended for general informational purposes only. Map produced by the CER, November, 2021. Last updated on Nov 19

Figure 1. Map of auditee Assets

2.0 Objectives and Scope

The objectives of this audit are to verify that the auditee's annual report meets the requirements of the OPR; and that the auditee has the necessary processes, procedures, and work instructions in place to fulfil the requirements of section 6.

The table below outlines the scope selected for this audit.

Audit Scope	Details
Audit Topic	Annual Report
Lifecycle Phases	<input checked="" type="checkbox"/> Construction <input checked="" type="checkbox"/> Operations <input checked="" type="checkbox"/> Abandonment
Section 55 Programs	<input checked="" type="checkbox"/> Emergency Management <input checked="" type="checkbox"/> Integrity Management <input checked="" type="checkbox"/> Safety Management <input checked="" type="checkbox"/> Security Management <input checked="" type="checkbox"/> Environmental Protection <input checked="" type="checkbox"/> Damage Prevention
Time Frame	2020 - 2021

3.0 Methodology

The auditors assessed compliance through:

- Document reviews;
- Record sampling; and
- Interviews.

The list of documents reviewed, records sampled, and the list of interviewees are retained on file with the CER.

An audit notification letter was sent to the auditee on 20 August 2021 advising the auditee of the CER's plans to conduct an operational audit. The lead auditor provided the audit protocol and initial information request to the auditee and followed up on 2 September 2021 with a meeting with the auditee staff to discuss the plans and schedule for the audit. Document review began on 25 October 2021 and interviews were conducted between 29 November 2021 and 3 December 2021.

In accordance with the established CER audit process, the lead auditor shared a pre-closeout summary of the audit results on 3 December 2021. At that time, the auditee was given five business days to provide any additional documents or records to help resolve the identified gaps in information or compliance. However, the auditee indicated they had no further information to provide. Thus, the lead auditor considered the pre-close out meeting to double as the close out meeting.

Audit staff wish to note that this audit was conducted during the Covid pandemic. All interactions between the auditee were virtual (i.e., through Microsoft Teams). No face-to-face contact between the auditors and auditee was possible, and no field inspections were conducted.

4.0 Summary of Findings

The lead auditor has assigned a finding to each audit protocol. A finding can be either:

- No Issues Identified – No non-compliances were identified during the audit, based on the information provided by the auditee, and reviewed by the auditor within the context of the audit scope; or
- Non-Compliant – The auditee has not demonstrated that it has met the legal requirements. A Corrective and Preventive Action (CAPA) Plan shall be developed and implemented to resolve the deficiency.

Note that all findings are specific to the information assessed at the time of the audit, as related to the audit scope.

The table below summarizes the finding results. See [Appendix 1: Audit Assessment](#) for more information.

Table 1: Summary of Findings

Audit Protocol (AP) Number	OPR Regulatory Reference	Topic	Finding Status	Finding Summary
AP-01	6.5(1)(b)	Performance measures to meet company goals, objectives and targets	Non-compliant	Performance measures and targets exist but the link to company goals is not described.
AP-02	6.6(1)(a)	Annual Report to describe performance in achieving company goals, objectives and targets	Non-compliant	Content required by the OPR is missing in the annual report. The annual report does not describe the company's performance in achieving its goals, objectives and targets.
AP-03	6.5(1)(v)	Process to evaluate adequacy and effectiveness of the management system	Non-compliant	Key processes and programs that are listed in their OMS dated January 1 2020 are not developed; The company has not developed and/or formalized the roles and responsibilities, steps, inputs and outputs, which are key components of a process; and Some building blocks that are necessary but not sufficient to form a process to assess adequacy and effectiveness of the company's management system.
AP-04	6.6(1)(b)	Annual report to describe the adequacy and effectiveness of the management system	Non-compliant	Content required by the OPR is missing in the annual report. The annual report does not describe the adequacy and effectiveness of the company's management system.

Audit Protocol (AP) Number	OPR Regulatory Reference	Topic	Finding Status	Finding Summary
AP-05	6.6(1)(c)	Annual report to describe the actions taken to correct deficiencies	Non-compliant	Content required by the OPR is missing in the annual report. The annual report does not describe the actions taken to address the deficiencies identified by the quality assurance program.

5.0 Next Steps

The auditee is required to resolve all non-compliant findings through the implementation of a CAPA Plan. The next steps of the audit process are as follows:

- Within 30 calendar days of receiving the Final Audit Report, the auditee shall file with the CER, a CAPA Plan that details how the non-compliant findings will be resolved;
- The CER will monitor and assess the implementation of the CAPA Plan to confirm that it is completed:
 - on a timely basis; and
 - in a safe and secure manner that protects people, property, and the environment;
- Once implementation is completed, the CER will issue an audit close out letter.

6.0 Conclusion

In summary, the CER conducted an Annual Report operational audit of Campus Energy Partners Operations Inc.. Out of a total of five (5) audit protocols, all were deemed non-compliant.

The auditee’s management system requires significant work to meet the OPR requirements.

Campus Energy Partners Operations Inc. is expected to resolve these deficiencies through the implementation of a CAPA Plan. The CER will monitor and assess the implementation of this CAPA Plan, and issue an audit close-out letter upon its completion.

Appendix 1: Audit Assessment

AP-01 Performance measures to meet company goals, objectives, and targets

Finding Status	Non-compliant
Regulatory Section	OPR 6.5(1)(b) A company shall, as part of its management system and the programs referred to in section 55, develop performance measures for evaluating the company's success in achieving its goals, objectives and targets
Expected Outcome	<ul style="list-style-type: none">• The company has developed performance measures that are relevant to its documented goals, objectives, and targets.• The performance measures support the ability to assess the achievement of the company's goals, objectives, and targets.• The company applies the performance measures to assess its success in achieving its goals, objectives and targets.
Relevant Information Provided by the auditee	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none">- 1.0 OMS Policy and Framework- 1.1 2021 KPI's, Goals, and Targets- 4.7 Health and Safety Program (Rev.1) <p>The following interviews are related to this finding:</p> <ul style="list-style-type: none">- INT 1.1 AP-01 performance measures to meet company goals, objectives, and targets
Finding Summary	Performance measures and targets exist but the link to company goals is not described.

Detailed Assessment

The auditee did not satisfy the expected outcomes listed above.

The *OMS Policy and Framework* document describes 15 elements that are applied across nine programs. Element two (2) requires goals, objectives, and targets to be integrated into the planning and delivery of the management system and associated programs.

The auditee has developed performance measures, which are listed in the *2021 KPI's, Goals, and Targets*. Eight metrics are listed along with a description of how each one is calculated, and its respective annual target. Various reports demonstrate that the auditee is using these performance measures to assess its success in achieving the respective targets on a monthly, quarterly, and annual basis.

The auditee also has goals, as described in the *OMS Policy and Framework* document.

However, it is unclear to which goals the performance measures apply. Without explicitly linking the performance measures to the goals, it is not possible to assess the success in achieving each goal.

AP-02 Annual Report to describe performance in achieving company goals, objectives, and targets

Finding Status	Non-compliant
Regulatory Section	OPR 6.6(1)(a) A company shall complete an annual report for the previous calendar year, signed by the accountable officer, that describes the company’s performance in achieving its goals, objectives and targets during that year, as evaluated by the performance measures developed under paragraph 6.5(1)(b)
Expected Outcome	<ul style="list-style-type: none"> • The company has completed an annual report for the previous calendar year. • The report has been reviewed and signed by the accountable officer. • The annual report discusses the company’s performance in achieving its goals, objectives and targets. • The goals, objectives and targets are those developed in accordance with the requirements of the paragraph 6.5(1)(b) of the OPR.
Relevant Information Provided by the auditee	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> - <i>2020 Campus Energy Partners Suffield LP (“Campus Suffield”) Management System 2020 Annual Report</i> <p>The following interviews are related to this finding:</p> <ul style="list-style-type: none"> - INT 1.2 describing performance in achieving company goals, objectives and targets
Finding Summary	Content required by the OPR is missing in the annual report. The annual report does not describe the company’s performance in achieving its goals, objectives and targets.

Detailed Assessment

The auditee did not satisfy all the expected outcomes listed above.

The auditee has developed an Annual Report for the 2020 year, that is signed by the accountable officer. The Annual Report is a table that describes, for each OPR requirement, the corresponding management system document, and whether or not the document is complete. However, content required by the OPR is missing. Required content includes a description of the company’s performance in achieving its goals, objectives, and targets.

AP-03 Process to evaluate adequacy and effectiveness of the management system

Finding Status	Non-compliant
Regulatory Section	OPR 6.5(1)(v) A company shall, as part of its management system and the programs referred to in section 55, establish and implement a process for evaluating the adequacy and effectiveness of the company's management system and for monitoring, measuring and documenting the company's performance in meeting its obligations under these Regulations
Expected Outcome	<ul style="list-style-type: none"> • The company has a compliant process that is established and implemented. • The company has developed methods for evaluating the adequacy and effectiveness of its management system. • The company's management system has been evaluated for adequacy and effectiveness. • The company's performance in meeting its obligations under these Regulations have been monitored, measured and are documented. • The company has implemented corrective actions based on the results of its monitoring and measuring the adequacy and performance of its management system.
Relevant Information Provided by the auditee	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> - 1 OMS Policy and Framework - 4.1 2021-01-31 J Vehicle Inspection - 4.1 2021-04 D Vehicle Inspection - 4.1 2021-06 Loeverna Site Inspection - 4.1 Lovernal Mar 2021 Safety Inspection - 4.1 Suffield Integrity Inspection - 4.7 Health and Safety Program (Rev.1) <p>The following interview is related to this finding:</p> <ul style="list-style-type: none"> - INT 2.1 Adequacy, Effectiveness, and Corrective Actions
Finding Summary	<p>Key processes and programs that are listed in their OMS dated 1 January 2020 are not developed. The company has not developed and/or formalized the roles and responsibilities, steps, inputs and outputs, which are key components of a process.</p> <p>Some building blocks that are necessary but not sufficient to form a process to assess adequacy and effectiveness of the company's management system.</p>

Detailed Assessment

The auditee has not satisfied the expected outcomes listed above.

The first expected outcome is that the auditee has a compliant process that is established and implemented. This outcome was not satisfied, as the processes are either absent or not implemented. The auditee provided element 14 and 15 of their *OMS Policy and Framework* (audit and management review, respectively), as well as their *OMS Operations Assurance Program*. However, when asked to provide the documented process for the audit and management review, the auditee indicated that they did not have one. In other words, the auditee has not developed or formalized the roles and responsibilities, steps, inputs, and outputs, which are the key components of a process.

The auditee did provide an OMS Operations Assurance Program which is currently in draft form with a prepared date of 1 December 2021. However, because this program is in draft form, it is not considered implemented. To be considered 'implemented', documents must satisfy key requirements as set forth in the CER document entitled *Management System and Protection Program Audit Protocols*. These requirements include that documents must be formally approved and in use for at least three months.

The next two expected outcomes focus on the methods to evaluate adequacy and effectiveness and the use of these methods on the management system. These outcomes were not satisfied. The auditee has some building blocks that are necessary but not sufficient to form a process that assesses adequacy and effectiveness of the management system. The auditee provided an *OMS Program Assessment Form* template (dated June 2020), that is intended to be used to assess the programs. However, no programs have yet used this form. When asked if any audits had been completed, the auditee answered no. When asked if a management system review occurred, the auditee said yes, but that it was informal, without a process, and undocumented. This response was supported by the accountable officer demonstrating knowledge about the management system and the status of the key performance indicators. The auditee also provided documentation that demonstrates that it conducts inspections.

The fourth expected outcome is discussed in AP-01. The auditee's performance in meeting its obligations under these Regulations have not been monitored, measured, and documented.

The last expected outcome expects the auditee to implement corrective actions, as identified during their monitoring and measuring of adequacy and effectiveness. The auditee has demonstrated that corrective actions have been identified and implemented for some, but not all programs. For example, the *Pipeline Integrity Operations Management Program (PIOMP)* was able to produce documentation pertaining to both inspections and audits and associated corrective actions.

AP-04 Annual report to describe the adequacy and effectiveness of the management system

Finding Status	Non-compliant
Regulatory Section	OPR 6.6(1)(b) A company shall complete an annual report for the previous calendar year, signed by the accountable officer, that describes the adequacy and effectiveness of the company's management system, as evaluated by the process established and implemented under paragraph 6.5(1)(v)
Expected Outcome	<ul style="list-style-type: none"> • The company has completed an annual report for the previous calendar year that is signed by the accountable officer. • The annual report discusses the adequacy and effectiveness of the company's management system. • The discussion of adequacy and effectiveness of the management system is based on the process established and implemented in accordance with the requirements of paragraph 6.5(1)(v) of the OPR.
Relevant Information Provided by the auditee	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> - 2020 Campus Energy Partners Suffield LP ("Campus Suffield") Management System 2020 Annual Report. <p>The following interviews are related to this finding:</p> <ul style="list-style-type: none"> - INT 2.1 Adequacy, Effectiveness, and Corrective Actions.
Finding Summary	Content required by the OPR is missing in the annual report. The annual report does not describe the adequacy and effectiveness of their management system.

Detailed Assessment

The auditee did not satisfy all the expected outcomes listed above.

The auditee has developed an Annual Report for the 2020 year, that is signed by the accountable officer. The Annual Report is a table that describes, for each OPR requirement, the corresponding management system document, and whether or not the document is complete. However, content required by the OPR is missing; the Annual Report does not describe the adequacy and effectiveness of their management system.

AP-05 Annual report to describe the actions taken to correct deficiencies

Finding Status	Non-compliant
Regulatory Section	OPR 6.6(1)(c) A company shall complete an annual report for the previous calendar year, signed by the accountable officer, that describes the actions taken during that year to correct any deficiencies identified by the quality assurance program established under paragraph 6.5(1)(w)
Expected Outcome	<ul style="list-style-type: none"> • The company has completed an annual report that has been signed by the accountable officer. • The company has identified any deficiencies identified by the company's quality assurance program, through audits, inspections and other activities. • The company has a quality assurance program. • The annual report discusses the actions taken by the company to correct any deficiencies that have been identified by the company's quality assurance program.
Relevant Information Provided by the auditee	<p>The following key documents and records are related to this finding:</p> <ul style="list-style-type: none"> - <i>2020 Campus Energy Partners Suffield LP ("Campus Suffield") Management System 2020 Annual Report;</i> - <i>Hazard ID Corrective Actions Tracker;</i> - <i>Incident Corrective Actions Tracker;</i> - <i>2021 ERP Recommendations Log; and</i> - <i>PL Integrity Review Meeting Action Items.</i> <p>The following interviews are related to this finding:</p> <ul style="list-style-type: none"> - INT 2.1 Adequacy, Effectiveness, and Corrective Actions.
Finding Summary	Content required by the OPR is missing in the annual report. The annual report does not describe the actions taken to address the deficiencies identified by the quality assurance program.

Detailed Assessment

The auditee did not satisfy all the expected outcomes listed above.

The auditee has developed an Annual Report for the 2020 year, that is signed by the accountable officer. The Annual Report is a table that describes, for each OPR requirement, the corresponding management system document, and whether or not the document is complete. However, content required by the OPR is missing. The Annual Report does not describe the actions taken to address the deficiencies identified by a quality assurance program.

As noted in previous sections, the *OMS Operations Assurance Program* is in draft form and not yet implemented. Only once it has been approved and in use for three months, is the program considered implemented.

However, the auditee is conducting some assurance activities which have resulted in various corrective actions registers that are tracked to completion, as discussed in AP-03.

Appendix 2: Terms and Abbreviations

Term/Abbreviation	Definition
CAPA Plan	Corrective and Preventive Action Plan
ERP	Emergency Response Plan
MMcf/d	Million cubic feet per day
OMS	Operational Management System
PIOMP	Pipeline Integrity Operations Management Program