



Summary of Recommendations

February 2018

Introduction

The auditor general is the auditor of every ministry, department and regulated fund, and most provincial agencies. Under the *Government Organization Act*, ministers are responsible for administering departments and provincial legislation. Deputy ministers are delegated responsibility to support the minister in his or her role, and to act as the chief operator of a department. Ministers may also establish any boards, committees or councils they consider necessary to act in an advisory or administrative capacity for any matters under the minister's administration. A minister is responsible for oversight of the work and actions of the department and any provincial agencies under his or her administration. However, we make our recommendations to departments and provincial agencies rather than to the minister directly, given the delegated operational responsibilities and that they are in the best position to respond to and implement our recommendations. With respect to recommendations related to ministerial oversight of a provincial agency, we generally make the recommendation to the department supporting and providing advice to the minister.

We support the all-party Standing Committee on Public Accounts in ensuring the cost-effective use of public resources by holding government accountable for implementing our audit recommendations. In most Canadian jurisdictions the reports of the legislative auditor are referred for review to a Public Accounts Committee, which is made up of elected members of the legislature. The Public Accounts Committee is a significant part of the financial accountability cycle of government. The committee is concerned with value for money in the administration of government policy rather than with policy itself, and it assists the legislature in holding the government to account for spending taxpayers' money and for stewardship over public funds. The committee helps to make sure the government accounts for its operating policies and actions and for its management and use of public funds.

We believe all of the recommendations in this report require a formal public response from the government. In instances where a recommendation has been made to a board-governed organization, we expect the organization to implement the recommendation and report back to its respective government ministry as part of proper oversight of the organization. By implementing our recommendations, the government will significantly improve the safety and welfare of Albertans, the security and use of the province's resources, or the oversight and ethics with which government operations are managed.

Reporting the status of recommendations

We follow up on all recommendations. The timing of our follow-up audits depends on the nature of our recommendations. To encourage timely implementation and assist with the planning of our follow-up audits, we require a reasonable implementation timeline on all recommendations accepted by the government or the entities we audit. We recognize that some recommendations will take longer to fully implement than others, but we encourage full implementation within three years. Typically, we do not report on the progress of an outstanding recommendation until management has had sufficient time to implement the recommendation and we have completed our follow-up audit work. We repeat a recommendation if we find that the implementation progress has been insufficient.

We report the status of our recommendations as:

- **Implemented**—We explain how the government implemented the recommendation.
- **Repeated**—We explain why we are repeating the recommendation and what the government must still do to implement it.

On occasion, we may make the following comments:

- **Satisfactory progress**—We may state that progress is satisfactory based on the results of a follow-up audit.
- **Progress report**—Although the recommendation is not fully implemented, we provide information when we consider it useful for MLAs to understand management’s actions.

Summary of Recommendations

We conducted our audits in accordance with the *Auditor General Act* and the standards for assurance engagements as set out in the CPA Canada Handbook—Assurance. As part of the audit process, we provide recommendations to government in documents called management letters. We use public reporting to bring recommendations to the attention of Members of the Legislative Assembly.

This report contains 11 new recommendations and one repeated recommendation. The repeated recommendation has been made because we do not believe there has been sufficient progress implementing the original recommendation. We also confirm in this report that one recommendation reported previously has been implemented.

Alberta Advanced Education Report on Post-Secondary Institutions

Page 33

RECOMMENDATION:
Consistently enforce purchasing procedures

We recommend that the Alberta College of Art + Design enforce consistent compliance with its purchasing procedures.

Consequences of not taking action

Without effective processes to ensure compliance with its purchasing procedures, the college is unable to demonstrate that the contracts it enters into provide value for money.

Page 36

RECOMMENDATION:
Strengthen controls supporting key financial and business processes

We recommend that MacEwan University improve its processes for management to regularly communicate to the board of governors and its committees the adequacy and operating effectiveness of the university’s internal control environment.

Consequences of not taking action

Without sufficient, timely information on the university’s internal controls and processes designed to mitigate risks, the board of governors and its committees cannot govern effectively.

Page 37

RECOMMENDATION:
 Promptly remove system user access of terminated employees

We recommend that Northern Lakes College consistently apply procedures to promptly remove terminated employees' system access.

Consequences of not taking action

Unless terminated employees have their system access removed promptly, the college risks unauthorized access to its critical personal, business and financial information.

Alberta Education
 Processes to Manage the Student Class Size Initiative

Page 47

RECOMMENDATION:
 Develop an action plan and improve monitoring and reporting processes

If the Department of Education continues the Class Size Initiative, the department should develop an action plan and improve processes to regularly monitor and report on the initiative.

Consequences of not taking action

The department will continue to invest money without knowing if it is effectively achieving the desired results of the initiative.

Alberta Energy
 Alberta Petroleum Marketing Commission's Management of Agreement to Process Bitumen at the Sturgeon Refinery

Page 74

RECOMMENDATION:
 Develop processes for risk management and staff capacity, and ensure board oversight

We recommend that:

- the Alberta Petroleum Marketing Commission develop and document effective processes for managing risk and for ensuring the commission has sufficient expertise to manage its business arrangements
- the board of directors exercise oversight by ensuring the Alberta Petroleum Marketing Commission has these processes in place

Consequences of not taking action

The financial risk to Albertans will be intensified if the APMC does not have proper processes and sufficient staffing capacity to manage the risks of its business arrangements.

Page 79

RECOMMENDATION:
Improve reporting to Albertans

We recommend that the Alberta Petroleum Marketing Commission prepare a business plan and an annual report that are made publicly available to Albertans. The APMC must be able to demonstrate it has given appropriate consideration to the nature and extent of information it will share with Albertans.

Page 79

RECOMMENDATION:
Establish performance measures and targets

We recommend that the Alberta Petroleum Marketing Commission develop performance measures, set targets and compare results against planned performance.

Page 79

RECOMMENDATION:
Complete a lessons-learned analysis

We recommend that the Alberta Petroleum Marketing Commission complete an analysis of the lessons learned from its significant agreements, at a point in time when the commission deems it useful to do so.

Consequences of not taking action

In order for Albertans and legislators to be able to hold government accountable for results and understand the implications of significant contracts, sufficient information must be available. Albertans could be unfairly surprised if significant risks manifest themselves. Conversely, Albertans may be unaware of some of the important direct and indirect benefits obtained from significant commercial contracts used to promote strategic objectives.

Also, the potential value of learning through previous successes and failures could be lost if the APMC does not adequately analyze and document lessons learned.

Alberta Environment & Parks

Design of Systems to Manage the Climate Leadership Plan and Adaptation

Page 102

RECOMMENDATION:

Develop and use an implementation plan, improve quality of the monitoring data and report on the total cost

We recommend that the Department of Environment and Parks:

- develop and use comprehensive implementation plans for the Climate Leadership Plan and for each of its programs
- implement efficient processes to sufficiently reduce the risk that the data used to monitor and report on progress is not accurate or complete
- provide clear and complete reporting on the expected and actual costs of programs and the Climate Leadership Plan overall

Consequences of not taking action

An implementation plan is a fundamental and critical planning document. It provides a clear path for any task, and especially one involving a large number of actions, multiple parties and complex interrelationships. Further, it helps ensure that those responsible can demonstrate accountability for their commitments.

The absence of active overall and individual implementation plans creates a risk that the planned actions do not align with the overall objective, programs are not effectively implemented, and their progress is not properly monitored. As a result, the risk that individual programs and the CLP overall will not achieve their objectives, or achieve them but not cost effectively, is increased.

Without complete and accurate information on the progress of programs, and the CLP broadly, the department cannot efficiently and effectively monitor progress and identify the necessary corrective actions.

And without clear and complete reporting on the costs of the CLP, Albertans cannot hold the government accountable for its commitments.

Alberta Health Pure North Grants

Page 111

RECOMMENDATION: Improve conflict of interest processes

We recommend that the department improve its conflict of interest processes by:

- improving the supplementary code to clearly outline the disclosure requirements of the deputy minister
- centrally managing conflicts in the department to ensure adherence to the conflict of interest policies
- providing advice to department staff on conflict of interest matters when necessary

Consequences of not taking action

The department could suffer significant reputational damage if Albertans believe grant awards are influenced by potential conflicts of interest.

Alberta Transportation Commercial Vehicle Safety Follow-Up

Page 119

RECOMMENDATION: Progressive sanctions—repeated

We recommend for the third time that the Department of Transportation consistently comply with its policy to take disciplinary and enforcement action against non-compliant carriers.

Consequences of not taking action

Without timely and appropriate enforcement action taken against high-risk carriers, commercial vehicles that are a potential risk to public safety may continue to operate, and carriers may not believe there are meaningful consequences of being non-compliant.

Alberta Treasury Board and Finance—Various Ministries

Travel, Meal and Hospitality Expenses of the Premier, Ministers and Their Staff

Page 125

RECOMMENDATION:

Improve processes for preparing, reviewing and publicly disclosing travel, meal and hospitality expenses

We recommend that the Department of Indigenous Relations improve its processes to prepare, review and publicly disclose travel, meal and hospitality expenses.

Consequences of not taking action

If the department does not properly review expenses, then errors and non-compliance with policies could go undetected. There would be a risk that taxpayers could be subsidizing expenses that are not related to government business. There is also a risk that the public disclosure is not complete or accurate.

