

## 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.

This report contains six new and two repeated recommendations to government. The repeated recommendations have been made because we do not believe there has been sufficient action taken to implement our previous recommendations. We also confirm in this report that 16 prior recommendations have been implemented.

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. For example, members of the all-party Standing Committee on Public Accounts refer to the recommendations in our public reports during their meetings with representatives of government departments and agencies.

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 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 that report to the government. We recognize 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.

## Financial Statement Auditing

### Advanced Education

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#### **RECOMMENDATION: Enterprise risk management framework— recommendation repeated**

We again recommend that the Department of Advanced Education implement an integrated enterprise risk management framework to identify and mitigate relevant risks.

#### **Consequences of not taking action**

Without an effective enterprise risk management system, the department will not identify and mitigate its risks efficiently and effectively.

### Culture and Tourism

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#### **RECOMMENDATION: Improve controls over administration of the Alberta Production Grant program**

We recommend that the Department of Culture and Tourism improve its controls over administration of the Alberta Production Grant program by:

- defining and documenting clear, easy-to-understand criteria for Alberta eligible expenses; and communicating them to stakeholders
- using a risk-based approach when selecting grant files to audit
- establishing a mechanism to facilitate more timely recovery of funds in instances where the department identified applicants claiming ineligible expenses

#### **Consequences of not taking action**

Without effective controls over administration of the Alberta Production Grant program, there is an increased risk to program viability and, ultimately, its ability to contribute to economic diversification of the province.

## Economic Development and Trade

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### RECOMMENDATION: Improve financial reporting processes

We recommend that Alberta Innovates improve its financial reporting processes by implementing effective internal controls and quality review processes to ensure accurate and complete financial reporting.

#### Consequences of not taking action

Ineffective internal controls and processes for financial reporting result in errors or omissions that may be material to the financial statements. Senior management risks making operational decisions based on inaccurate or incomplete financial information.

## Education

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### RECOMMENDATION: Implement an enterprise risk management process

We recommend that the Department of Education implement an enterprise risk management process.

#### Consequences of not taking action

Without an enterprise risk management process, department management will not effectively manage risks that can hinder the department's ability to meet its goals.

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### RECOMMENDATION: Improve controls over tracking and reporting cost obligations for school construction projects

We recommend that the Department of Education improve controls over tracking and reporting cost obligations for school construction projects.

#### Consequences of not taking action

Without adequate tracking and monitoring processes, the department will not adequately report accurate and complete information to Albertans on school construction projects cost obligations.

## Seniors and Housing

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### RECOMMENDATION: Improve change management control procedures

We recommend that the Alberta Social Housing Corporation improve and implement change management control procedures to ensure changes to the information systems within its computing environment are implemented in a controlled and consistent manner.

**Consequences of not taking action**

Without proper change management control procedures, ASHC risks introducing untested and unauthorized changes into its computing environment. Uncontrolled changes could cause systems not to operate as they should and result in ASHC's financial and housing management information becoming inaccurate or incomplete.

**Treasury Board and Finance**

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**RECOMMENDATION: Apply policies when recommending approval to Treasury Board Committee**

We recommend that the Department of Treasury Board and Finance consistently apply its policies when recommending to Treasury Board Committee to approve a payment based on agreement request.

**Consequences of not taking action**

Inconsistent application of accounting and budgeting policies and procedures weaken government transparency and accountability. Users of financial and budget information will be less able to compare results, measure performance and understand if government entities are operating effectively. Budgeting processes will be less effective or bypassed and operating decisions become short-term focused rather than demonstrate the execution of long-term planning and budgeting.

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**RECOMMENDATION: Update and follow enterprise risk management system –recommendation repeated**

We again recommend that the Department of Treasury Board and Finance update and follow its enterprise risk management system by identifying, monitoring, communicating and appropriately mitigating relevant risks.

**Consequences of not taking action**

Without an effective enterprise risk management system, the department may not identify and manage its risks efficiently and effectively.