

Outstanding Recommendations

Assessment of Implementation Report

Alberta Energy

Systems to Manage Royalty Reduction Programs

(February 2016)

Summary of Recommendations

We assessed the one outstanding recommendation from our February 2016 audit of Alberta Energy's *Systems to Manage Royalty Reduction Programs*. We found the following recommendation has been implemented:

IMPLEMENTED Recommendation:
Evaluate and report on Royalty Reduction Program objectives

Introduction

In July 2020, we completed our assessment of implementation of outstanding recommendations relating to whether the department annually evaluates and reports on whether the department's royalty reduction programs achieve their objectives.

In our assessment, we found the Department of Energy implemented our 2015 recommendation to evaluate and report on Royalty Reduction Program objectives.

Recommendation:

Evaluate and report on Royalty Reduction Program objectives

IMPLEMENTED

Context

In 2015, we completed an audit of the department's systems to manage royalty reduction programs. We found the department had not created relevant performance metrics, done sufficient analysis, nor reported on whether royalty reduction programs achieved the desired results.

We recommended that the Department of Energy annually evaluate and report whether the department's royalty reduction programs are achieving objectives.

Current findings

The department implemented our recommendation to annually evaluate and report on whether the department's royalty reduction programs are achieving their objectives.

To verify the department implemented our recommendation:

- We confirmed the department created logic models outlining immediate, intermediate, and ultimate outcomes the department wished to achieve with the royalty reduction programs. Accompanying the logic models were relevant internal performance metrics tied to the key outcomes desired.
- We found the department analyzed the results from its performance metrics. For example, the department gathered production data for eligible wells under the Natural Gas Deep Drilling Program and analyzed the total gas production from eligible wells to conclude whether additional drilling and production resulted from the program.
- We reviewed the Ministry of Energy annual report and confirmed that Royalty Reduction Program objectives were described and external performance metrics were included, with accompanying analysis. For example, the total gas production from eligible wells under the Natural Gas Deep Drilling Program were published, helping readers to understand the programs impact on royalties collected by the department.