



# Performance Auditing

---

November 2018

## Vision

Making a difference  
in the lives of Albertans

## Mission

Identifying opportunities  
to improve the performance  
of and confidence in the  
public service

## Values

We are committed to our mission and to achieving our vision. Our values guide us in our internal and external relationships:

### Trust

We earn it with everything we say and do. We are accountable for our actions.

### Respect

Everyone has the right to be heard and deserves to be treated with dignity and courtesy.

### Diversity of thought

We encourage open minds, innovative thinking and constructive challenge.

### Teamwork

With integrity, we work together to generate better solutions.

### Growth

We view individual success as professional growth together with a fulfilling personal life. We value both.

## Contents

Summary of Recommendations ..... page 1-9

### Sub Tabs

Executive Summaries

Alberta Agriculture and Forestry

Wildfire Management: Processes for Prevention and Review and Improvement ..... page 1-19

Alberta Environment and Parks

Systems to Manage and Report on the Oil Sands Monitoring Program Follow-up ..... page 1-8

Alberta Justice and Solicitor General

Contracting for External Services Follow-up ..... page 1-6

Alberta Labour

Occupational Health and Safety Follow-up ..... page 1-5

Alberta Labour

Systems to Update Alberta's Workforce Strategies ..... page 1-13

Alberta Seniors and Housing

Affordable Housing Follow-up ..... page 1-2

Service Alberta

Contract Management Processes ..... page 1-15

Alberta Treasury Board and Finance

Collections of Corporate Income Tax and Filing Compliance Follow-up ..... page 1-6



## 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 seven new recommendations to government.

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.

### 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.

## New Recommendations

### Alberta Agriculture and Forestry: Wildfire Management: Processes for Prevention and Review and Improvement

Page 9

#### **RECOMMENDATION:**

#### **Ensure processes are in place to evaluate and report on wildfire prevention program**

We recommend that the Department of Agriculture and Forestry:

- publicly report on its FireSmart programs, including how this work helps reduce wildfire hazard and risk
- ensure there are processes in place to measure, monitor and report on the results and effectiveness of the various activities set out in the forest areas’ annual wildfire prevention plans

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

Without full public reporting on all aspects of the FireSmart program, Albertans are not being provided with all the information they need to fully understand what work the department is doing in this area towards wildfire hazard and risk reduction, why it focuses efforts where it does, and what work the department is doing to support community-based FireSmart practices. Full public reporting will also enable the department to better showcase to Albertans the work it is doing in this area.

Without proper reporting and results analysis the department will not have adequate information to assess whether the activities and programs carried out by the 10 forest areas as part of their wildfire prevention plans are achieving desired results efficiently and effectively for the public funds spent or what necessary changes need to be made for improvement going forward.

**RECOMMENDATION:****Comply with business rules for internal reviews reporting and establish and monitor implementation timelines for recommendations from external reviews**

We recommend that the Department of Agriculture and Forestry:

- comply with its established business rules for internal results reporting for the review and improvement program
- establish and monitor implementation timelines for recommendations and opportunities for improvement from independent external reviews and publicly report implementation progress against these

**Consequences of not taking action**

The findings of the review and improvement unit and the feedback it gets from forest area staff during onsite visits is a key part of the department's annual process of reviewing and updating its wildfire management standard operating procedures (SOP) and business rules. These changes have to be ultimately concurred with and approved by senior management as they affect all aspects of wildfire management. The only way to ensure decisions made are fully informed and evidence based is to have all relevant and necessary information documented and at hand, which can only happen if the reports required by the department's business rules are completed.

Without establishing implementation timelines for the recommendations and opportunities set out in external reviews, department management does not have an effective process to alert them in a timely manner to problem areas which require their attention and intervention. Without public reporting on the progress of implementation activities against target timelines, Albertans will not know if the department is on track to make necessary changes to the wildfire management program and cannot hold the department accountable if it is not on track.

### Alberta Environment and Parks: Systems to Manage and Report on the Oil Sands Monitoring Program Follow-up

**RECOMMENDATION:****Improve annual reporting process**

We recommend that the Department of Environment and Parks, working with Environment and Climate Change Canada, improve processes to ensure the annual report on the oil sands monitoring program is complete, accurate, clear, and timely.

**Consequences of not taking action**

Without complete, timely, and accurate public reporting, stakeholders will not know the status and results of environmental monitoring in the oil sands and cannot hold the government accountable for meeting its commitment to ensure environmentally responsible development of the oil sands.

## Alberta Labour: Systems to Update Alberta's Workforce Strategies

Page 8

**RECOMMENDATION:**  
**Report on results of workforce strategies**

We recommend that the Department of Labour regularly measure and report on the results of its current workforce strategies, including lessons learned.

### Consequences of not taking action

Without effective processes to monitor progress and report on results of its workforce strategies, the department risks not achieving planned results and not demonstrating value for taxpayer money spent. Long-term planned results will succumb to short-term needs and not support the needs of vulnerable Albertans.

## Service Alberta: Contract Management Processes

Page 5

**RECOMMENDATION:**  
**Improve performance measurement processes**

We recommend that the Department of Service Alberta develop processes to improve its measuring, monitoring, and reporting of the performance of its large and complex contracts.

### Consequences of not taking action

The department may continue to spend money without knowing the true extent to which desired results are being achieved. If targets are not set, the department cannot effectively weigh costs against the benefits of its investments or take action where required to ensure all potential benefits are realized.

Page 10

**RECOMMENDATION:**  
**Improve compliance processes**

We recommend that the Department of Service Alberta develop processes to improve its monitoring and enforcement of contract compliance to ensure that the desired results of the contract are achieved.

### Consequences of not taking action

Without effective monitoring and enforcement of contract terms and conditions, the department will not achieve the desired outcomes of contracts. Ineffective contract management results in wasted time and public funds, unnecessary conflict, and risks that Albertans are not receiving the full benefits of what they paid for.

**RECOMMENDATION:**  
**Incorporate lessons learned**

We recommend that the Department of Service Alberta develop processes to improve its evaluation of contracts and implement risk mitigation strategies and lessons learned where required.

**Consequences of not taking action**

If effective processes are not in place to identify what is working well and what needs improvement, and to plan actions required, contract deficiencies or other unmitigated risks will not be corrected in a timely manner. As a result, there could be unnecessary costs to the public, in terms of both money and time spent.

## Implemented Recommendations

### Alberta Environment and Parks: Systems to Manage and Report on the Oil Sands Monitoring Program

Original: October 2014, no. 1, p. 26

A new recommendation is replacing this one—see Performance Auditing, page 4

**RECOMMENDATION:**  
**Joint Canada–Alberta Plan for Oil Sands Monitoring—Ensure timely, accurate and transparent public reporting**

We recommend that the Department of Environment and Parks work with the Government of Canada to ensure that public reporting on the joint plan is timely, accurate and transparent.

Original: October 2014, no. 2, p. 29

Implemented: November 2018, Performance Auditing, page 4

**RECOMMENDATION:**  
**Joint Canada–Alberta Plan for Oil Sands Monitoring—Improve planning and monitoring**

We recommend that the Department of Environment and Parks:

- implement effective processes for monitoring project status
- develop and implement work plans, with roles and responsibilities and timelines and deliverables, for implementing all key commitments under the joint plan
- clarify what needs to be done to implement any joint plan projects and commitments remaining after March 2015

### Alberta Justice and Solicitor General: Contracting for External Services Follow-up

Original: July 2016, no. 1, p. 22

Implemented: November 2018, Performance Auditing, page 2

**RECOMMENDATION:**

**Office of the Chief Medical Examiner—Contracting Transporters of Deceased Rural Albertans**

Develop guidelines for contracts requests—We recommend that the Department of Justice and Solicitor General develop guidelines that clearly identify:

- when a program area must provide a business case to support a contract request and what information must be included
- who can make a decision not to require a business case and in what circumstances, and what must be documented to support this decision

Original: July 2016, no. 2, p. 25

Implemented: November 2018, Performance Auditing, page 3

**RECOMMENDATION:**

**Office of the Chief Medical Examiner—Contracting Transporters of Deceased Rural Albertans**

Determine when contracted vendors will be used—We recommend that the Department of Justice and Solicitor General determine and include as part of its pre-qualification contract posting process:

- a date after which only vetted and contracted vendors are eligible to provide services in the normal course of business
- circumstances in which it may need to use non-contracted vendors

### Alberta Labour: Occupational Health and Safety Follow-up

Original: April 2010, p. 43

Repeated: July 2016, no. 3, p. 41

Implemented: November 2018, Performance Auditing, page 3

**RECOMMENDATION:**

**Evaluating Occupational Health and Safety Systems—Improve planning and reporting**

We again recommend that the Department of Labour improve its planning and reporting systems for occupational health and safety by evaluating and reporting on whether key OHS programs and initiatives achieve the desired results.

Original April 2010, no. 3, page 39

Repeated: July 2012, no. 12, page 83

Repeated: July 2016, no. 4, page 43

Implemented: November 2018, Performance Auditing, page 4

**RECOMMENDATION:**

**Evaluating Occupational Health and Safety Systems—Enforce compliance**

We again recommend that the Department of Labour clarify and enforce its procedures to approve giving employers extra time to fix worksite health and safety problems.

**Alberta Seniors and Housing: Affordable Housing Follow-up**

Original: July 2013, no. 12, p. 90

Implemented: November 2018, Performance Auditing, page 2

**RECOMMENDATION:**

**Systems to Deliver Affordable Housing Grants—Improve Monitoring Processes**

We recommend that the Department of Seniors and Housing improve its monitoring processes to ensure affordable housing grant recipients comply with their grant agreements by:

- developing and conducting risk-based monitoring activities
- following procedures and processes when performing monitoring activities

Original: July 2013, No. 13, page 92

Implemented: November 2018, Performance Auditing, page 2

**RECOMMENDATION:**

**Systems to Deliver Affordable Housing Grants—Develop an Evaluation System**

We recommend that the Department of Seniors and Housing improve its evaluation processes by:

- developing performance measures and adequate information systems so that the department can better evaluate and report on its affordable housing grant programs
- completing periodic evaluations of its affordable housing grants programs

**Alberta Treasury Board and Finance:  
Collection of Corporate Income Tax & Filing Compliance Follow-up**

Original: October 2014, no. 6, p. 51

Implemented: November 2018, Performance Auditing, page 2

**RECOMMENDATION:**

**Collection of Outstanding Corporate Taxes—Maintain policies and procedures and train staff**

We recommend that the Department of Treasury Board and Finance:

- update and maintain its policies and procedures for tax compliance officers
- review its training program to ensure it provides relevant and ongoing training to tax compliance officers

Original: October 2014, no. 7, page 52

Implemented: November 2018, Performance Auditing, page 3

**RECOMMENDATION:**

**Collection of Outstanding Corporate Taxes—Develop internal and external performance measures and targets**

We recommend that the Department of Treasury Board and Finance develop comprehensive performance measures and targets for tax collections and determine which to report publicly.

Original: October 2014, no. 8, page 54

Implemented: November 2018, Performance Auditing, page 4

**RECOMMENDATION:**

**Collection of Outstanding Corporate Taxes—Improve management of information and analyze data periodically**

We recommend that the Department of Treasury Board and Finance:

- update its management reports to include additional information on the status of tax collection files and the success of its various collection activities
- periodically analyze the characteristics of the corporate taxes outstanding to identify potential changes to legislation, policies and collections strategies
- deal with the backlog of files submitted for write-off and low value accounts

Original: October 2015, no. 17, page 156

Implemented: November 2018, Performance Auditing, page 5

**RECOMMENDATION:**

**Improve compliance systems for unfiled corporate income tax returns**

We recommend that the Department of Treasury Board and Finance improve its compliance systems to deal with unfiled corporate income tax returns.

