Alberta Energy

There are no new recommendations to the Department of Energy, the Alberta Petroleum Marketing Commission (APMC), the Alberta Utilities Commission (AUC) or the Post-Closure Stewardship Fund in this report. The department has one outstanding recommendation, the APMC has four outstanding recommendations, and the Alberta Energy Regulator (AER) has 13 outstanding recommendations.

The department has implemented our recommendation to improve user access controls—see page 59.

We issued unqualified independent auditor's reports on the 2018-2019 financial statements for the APMC, AUC, and the Post-Closure Stewardship Fund.

The APMC has implemented our recommendations related to the processing agreement cash flow model—see page 60.

We issued a qualified auditor's report on AER based on our conclusion that it did not appropriately reflect financial transactions related to an entity it created (ICORE NFP) in its financial statements. Our qualification is discussed further in the next section.

In our *Alberta Energy Regulator: An Examination of the International Centre of Regulatory Excellence (ICORE)* report, issued in October 2019, we made four recommendations on AER's activities related to various iterations of the International Centre of Regulatory Excellence (ICORE), predominantly ICORE Not-For-Profit (ICORE NFP).

In our *Systems to Ensure Sufficient Financial Security for Land Disturbances from Mining Followup*, we report that one outstanding recommendation to AER to improve mine financial security program monitoring has been implemented.

As part of our financial statement audit of AER for the year ended March 31, 2019, we found instances of internal control weaknesses and legislative non-compliance. As a result, we issued three new recommendations to AER in this report—see page 53.

Findings

Alberta Energy Regulator

Qualified audit opinion of the Alberta Energy Regulator's financial statements for year ended March 31, 2019

In accordance with Section 19 (2) of the *Auditor General Act*, we draw attention to a qualification in our independent auditor's report on the financial statements of the Alberta Energy Regulator (AER). Our independent auditor's report also draws attention to instances of legislative non-compliance we observed at AER. While the non-compliance issues are discussed later in this chapter, here we discuss the qualification of our audit opinion on the financial statements of AER relating to ICORE NFP.

As part of our audit of AER's financial statements for the year ended March 31, 2019, we examined the nature of the relationship between AER and ICORE NFP, an agency created by AER to advance regulatory excellence. Specifically, we evaluated whether AER controlled ICORE NFP from an accounting perspective.

Canadian Public Sector Accounting Standards[10] include criteria for establishing whether an organization is controlled. Control is the power to govern the financial and operating policies of another organization with the expected benefits or the risk of loss from the other organization's activities. Determining whether control exists often requires the application of professional judgment and evaluation of various indicators set out in the accounting standards. The primary indicators include the power to appoint or remove the majority of members, access to or ability to direct use of assets or responsibility for loss of the other organization, holding the majority of voting rights, or unilateral power to dissolve an organization.

AER concluded that ICORE NFP was a related party and not a controlled organization. As a result, AER's financial statements present the relationship and transactions with ICORE NFP as a related party in a schedule to the financial statements.

Under the Canadian Public Sector Accounting Standards, not all indicators need to be met for control to be present.

The preponderance of evidence indicated that AER controlled ICORE NFP. We did not accept the AER Board's view that it did not control ICORE NFP. AER argues that a few key AER employees, acting in their personal capacity, controlled ICORE NFP. While our examination[11] findings indicated management supplied incomplete and inaccurate information to the AER Board regarding ICORE NFP's activities, we also found that the AER Board supported the creation of an organization to advance the ICORE initiative, and the use of AER resources to do so.

Because ICORE NFP was controlled, in our opinion AER should have consolidated the financial results of ICORE NFP for the period in which it was controlled, and described ICORE NFP as a controlled entity. We informed the AER Board and management we disagreed with their conclusion and accounting treatment of ICORE NFP. AER chose not to adjust their financial statements.

[10] *PS 1300 – Government Reporting Entity*

[11] *An Examination of the International Centre of Regulatory Excellence—October 2019*

As a result, we qualified our audit opinion of AER's financial statements for the year ended March 31, 2019.

Matters arising from a separate examination[12] provides context of ICORE NFP in relation to AER officials and the AER Board. The following provides examples of certain germane matters identified:

- AER never achieved the objective of ICORE NFP to have operational and financial independence from AER.
- AER was the sole operating and governing member of ICORE NFP from May 17, 2017 to December 19, 2018.
- Up to 50 AER staff, in varying capacities, were involved in building and/or operating ICORE NFP from within AER. AER provided the staff and resources to carry out the managerial, financial, marketing, human resource, information technology, and legal functions for ICORE NFP.
- AER's Executive Leadership Team ("ELT") was either informed of, or directly involved in, decision-making regarding important ICORE NFP-related matters, including the structure and business model for ICORE NFP.
- AER management obtained endorsements from the AER Board for its ICORE NFP work. Our review of April and September 2018 AER board minutes showed AER board approvals to continue the development of ICORE NFP, with an emphasis on ICORE NFP achieving self-sufficiency as soon as possible.
- The AER Board's control over ICORE NFP was further demonstrated by:
    - requiring AER management prepare a business plan for ICORE NFP to be presented at the December 2018 board meeting.
    - having the AER Board represented at an ICORE NFP strategy session in October 2018 held at AER premises.
    - the AER Board working with AER management to suspend ICORE NFP operations. AER considered two options: winding up the operations and dissolving ICORE NFP itself, or resigning its membership from ICORE NFP. While AER chose the second option, both were viable options that the AER Board considered.

[12] *An Examination of the International Centre of Regulatory Excellence—October 2019*

NEW Recommendation
Non-compliance with Alberta public agency compensation laws, lack of proper approvals for distance work arrangements, and insufficient support for executive succession plans

Context

From 2013 to this year, AER had a short-term incentive (STI) or "bonus" program for its executive vice-presidents (EVP). Beginning March 16, 2017, the *Reform of Agencies, Boards and Commissions Compensation Act* (RABCCA) and *Reform of Agencies, Boards and Commissions Compensation Regulation* eliminated executive bonuses. For executives already in their roles as of that date, the restrictions on receiving a STI or bonus would come into effect on March 16, 2019. Any executives assuming their roles on or after March 16, 2017 would not be able to receive a STI or bonus.

AER has a policy on distance work arrangements for its employees. The policy states that the arrangement is between the leader and the employee through a signed telecommuting agreement. The telecommuting arrangement would include specific items such as work schedule, travel to office, duties and performance expectations.

AER has a succession planning process for its vice-presidents and below, but it does not have a succession planning process for the EVPs.

The AER Board initiated an internal audit of Senior Management Expenditures after we began our financial statement audit. AER Internal Audit issued an audit report on AER Senior Management Expenditures and Total Rewards in February 2019 and shared it with the AER Board and our office. The resulting audit findings and recommendations are consistent with our audit findings.

Criteria: the standards of performance and control

AER should have processes to ensure staff compensation arrangements are fair, align with delivery of its mandate and that they are properly approved and supported.

Our audit findings

Key Findings

- Cash bonuses awarded to two senior executives breached compensation legislation
- Distance travel arrangements lacked proper approvals
- Succession plans lacked support for how they benefited AER

Cash bonuses awarded to two senior executives breached compensation legislation

AER promoted two employees to EVP after March 16, 2017, meaning they would be ineligible for STI (short-term incentives) or bonuses under RABCCA. The former AER CEO in March 2018 approved cash bonuses for the two EVPs ($21,000 each) in contravention of RABCCA. While the former AER CEO described the amounts awarded in terms of equivalence to days off with pay, evidence shows that the amounts awarded were cash bonuses. Below is an extract from a leave with pay memo to one of the EVPs, signed by the former AER CEO:

> *"You will receive a lump sum payment of $21,000 less required deductions which is equivalent to 20 days of leave with pay. This payment is in recognition of the additional time and efforts you have provided since moving into the EVP role last spring."*

We also found emails discussing costing scenarios regarding vacation days for the two newly promoted EVPs, and how amounts could be given without coming across as circumventing the spirt and intent of RABCCA.

In addition to the aforementioned two AER EVPs, the former AER CEO authorized a bonus for AER's former chiefs of staff, ($6,000 in 2017) and ($5,000 in 2018), respectively. These were the only individuals outside of the senior executive team who received this benefit. Similar to the two EVPs, a cash payment was made to the chiefs of staff and characterized as leave with pay. We found no documented rationale to support the selective approach to granting additional leave to the chiefs of staff versus others in the organization.

In April 2019, AER self-reported to the Public Agency Secretariat (PAS) the bonus overpayments under RABBCA. PAS in May 2019 responded to AER its conclusion that the bonus overpayments were in violation of RABBCA and will advise AER of any further actions when it completes its assessment of options under RABBCA. As of our report date, AER has not received direction from PAS for further actions.

Long distance work arrangements lacked the proper approvals

Former AER CEO: In 2018, the former AER CEO moved from Calgary to a city in British Columbia (BC) while still serving as CEO of AER. The former AER CEO commuted from his residence in BC to AER's head office in Calgary. On April 24, 2018, the former AER CEO asked the Chair of the AER Board at that time to approve a commuting arrangement where AER would pay for his travel expenses incurred since January 1, 2018. These travel costs include flights, vehicle travel, taxis, mileage and parking to and from his BC residence and Calgary. The AER Chair approved the request after the former AER CEO asserted the former AER Board Chair, had previously agreed to this arrangement. When we interviewed the former AER Board Chair, he told us he only agreed that AER would cover the costs associated with changes in airfare resulting from work-related scheduling changes that impacted travel times. We found no formal documentation to corroborate the accuracy of either the former AER Board Chair or the former AER CEO's account of what was agreed to. We also found no evidence that following the April 2018 request by the former AER CEO that the AER Chair sought to confirm the agreed upon terms of the arrangement with her predecessor. While the former AER CEO had board approval for AER to reimburse his travel costs from his BC residence, we found no signed telecommuting agreement as required per AER's telecommuting policy.

AER paid for travel costs for the former AER CEO from his BC residence to the AER Calgary office from January 1, 2018 until the end of his contract. AER reimbursed approximately $20,000 in travel expenses to the former AER CEO from January 2018 until his departure from AER in November 2018. Our audit testing also found the former AER CEO was reimbursed about $2,000 in travel expenses prior to January 1, 2018 (dating back to mid-2017) from his BC residence to the AER Calgary office. This amount was outside the board approved expense reimbursement timeframe of January 1, 2018 and onwards.

EVP Stakeholder and Government Engagement: The former AER EVP Stakeholder and Government Engagement also had a distance work arrangement that began in mid-2018 where AER was paying for travel costs between her BC residence and AER's Edmonton office. AER reimbursed the former AER EVP Stakeholder and Government Engagement about $10,000 in travel costs. AER was unable to provide any evidence that the former AER EVP Stakeholder and Government Engagement's arrangement was formally approved. The former AER CEO told us that he had approved the arrangement verbally to the former AER EVP Stakeholder and Government Engagement. He also told us that AER completed a travel expense analysis when the executive relocated to BC. The former AER CEO claimed the analysis demonstrated that travel costs for the executive were cheaper with the commuting arrangement as the former AER EVP Stakeholder and Government Engagement had previously commuted frequently between Calgary and Edmonton. However, AER was unable to provide this analysis and we found no evidence to support the former AER CEO's claim that it was cheaper.

AER appropriately considered the former AER CEO's and the former AER EVP Stakeholder and Government Engagement's reimbursed travel to and from their respective homes in BC as a taxable benefit to the employees.

Succession plans lacked support for how they benefited AER

In March and April of 2018, the former AER CEO approved succession plans for three AER EVPs. We followed up with AER's People and Culture branch and found that AER does not have a documented process for succession management for its EVPs. These plans were between the former AER CEO and the respective individuals. The former AER CEO's approval letters noted that the AER Board was informed during in-camera discussions related to executive vice-president succession management. However, AER Board members told us that the former AER CEO did not bring these succession plans for their approval. Our review of the board minutes also did not identify any discussion of the three AER EVP succession management plans.

Our review of these succession management plans found the plans included terms and conditions that were not clear how AER would benefit. For example, one plan included a six-month secondment to a non-government not-for-profit where the AER EVP would continue to receive salary and benefits from AER. We found no documentation that supported how this use of resources benefited AER.

NEW Recommendation:
Strengthen processes for its senior management compensation arrangements

We recommend the Alberta Energy Regulator implement processes to ensure senior management agreements, including compensation, distance work arrangements, and succession plans, are transparent, equitable, properly supported, approved and discussed with the AER Board.

Consequences of not taking action

Without proper controls over senior management compensation and benefits, there is a heightened risk of inequitable and inappropriate benefits being awarded and non-compliance with applicable laws.

NEW Recommendation
Non-compliance with tax rules for employer provided parking benefits

Context

Employees must include the current value of the parking stalls as a taxable benefit in accordance with the federal *Income Tax Act*. The responsibility of the employer is to collect the taxable amount from the employee and submit it to the Canada Revenue Agency (CRA). The affected AER employees also need to comply with this federal tax law.

Criteria: the standards of performance and control

AER should have processes to identify the applicable laws and ensure it is in compliance with the requirements.

Our audit findings

Key Finding

AER failed to calculate and assess taxes on employer subsidized parking, costing AER $1.3 million

AER intentionally did not assess taxes on employer subsidized parking, costing AER $1.3 million

During our fiscal 2018 financial statement audit of AER, we found that AER was not calculating a taxable benefit for employer-subsidized parking. As a result, we made an observation to the AER Board that AER management should be assessing and reporting to CRA this as a taxable benefit for employees. AER management responded by telling us that they were already in the process of dealing with the issue, and that CRA was conducting an employer compliance audit for the 2015 and 2016 tax years.

During the fiscal 2019 financial statement audit, we found evidence that AER was in fact informed about the parking as a taxable benefit by a Department of Energy employee on November 26, 2014. We also determined the former AER EVP Corporate Services directed his staff not to take any action.

AER's inaction resulted in a $1.3 million[13] cost to AER, as AER decided to cover the cost on behalf of employees. AER provided a cash payment (the tax amount plus top-up as the cash payment is also a taxable benefit) to current and former employees who submitted their reassessment from the CRA.

[13] CRA completed its audit and sent AER a letter on November 28, 2018 noting unreported parking benefit amounts of $1.8 million for the 2015 and 2016 tax years. This amount is included in revised tax assessment to affected AER (current and past) employees. The reassessment would also include the interest on the outstanding tax amounts. AER reimbursed current and former employees who provided to AER their Notice of Reassessments from CRA showing the tax liability. These employees are responsible to submit to the CRA their taxes owing. Overall, AER reimbursed total of $1.3 million to these employees which is lower than the CRA's assessed unreported amount of $1.8 million.

NEW Recommendation:
Identify and comply with the applicable laws

We recommend that the Board of the Alberta Energy Regulator seek assurance from management that they are in compliance with all withholding rules and regulations.

Consequences of not taking action

Non-compliance with required laws could have a negative impact to AER's reputation and could result in financial losses.

NEW Recommendation
Expense claim processes were ineffective

Context

AER employees may incur expenses for travel, meals and hospitality related to AER business and can claim expense reimbursements and certain allowances. AER has a travel and subsistence policy and procedures over expense reimbursements for its employees to follow while conducting AER business.

It is expected that employees' spending while using public funds should not be or appear to be providing a personal benefit to the individual. Hence, it is necessary for AER to have strong policies and procedures for business travel and related expenses.

Criteria: the standards of performance and control

AER should have policies and effective systems to verify that the travel, meal and hospitality expenses of employees comply with policies.

Our audit findings

Key Findings

- Inappropriate staff authorities for review and approval of expense claims
- Weak expense claim processes allowed opportunities for inappropriate expenses being claimed
- Expense claim policies are unclear and need to be strengthened

We tested a sample of expense claims during our 2019 financial statement audit. We focused our testing on transactions for travel related to ICORE, and tested whether these costs were included within the amount invoiced to ICORE for reimbursement. Our testing included verifying whether staff expenses followed travel, meal and hospitality expense policies.

Inappropriate approval of senior management expenses

In accordance with AER policy, senior employees are responsible for reviewing and approving the expense claims of employees that report to them. The AER Finance branch also reviews expense claims, but relies on the approver doing an appropriate and sufficiently-detailed review to verify the legitimacy and reasonableness of submitted expenses.

We found the former AER CEO's expenses were approved by the AER Vice President and Chief Financial Officer (CFO), who reported to an AER EVP that reported to the former AER CEO. The CFO was also approving expenses for the EVPs, except for the other EVP that the CFO reported to. It was the former AER CEO that set these guidelines for senior employee expenses approvals. This is inconsistent with best practice, which requires a higher level of authority to approve expenses. The CFO indicated they relied on review by the CEO's assistant on the former AER CEO's expense claims.

We also found instances where administrative assistants booked travel expense on behalf of executives and then submitted the expenditure to the same executives for approval. Effectively, in these situations the executives were approving their own expenses.

Expenses incurred that were not the most cost effective option

AER's travel policy states:

- employees are reimbursed for travel, based on the most direct, practical and cost-effective route and mode of transportation to reach that destination
- employees are expected to obtain accommodation, whenever possible, at hotels used regularly by AER employees and to arrange for discounts where a reduced rate for public service staff is available
- employees traveling on AER business can claim either the actual cost of the meal, excluding alcohol or the meal allowance but not both for the same meal

In our expense testing, we found:

- a few staff purchased multiple upgraded flights including business class airfare and seat upgrades
- staff frequently changed the timing of their flights, which incurred additional costs
- instances where hotel costs were expensive and no business rationale was provided to support it being cost-effective
- there are no set thresholds for actual receipt claims in AER's policy; in many instances, the actual receipts submitted were more expensive when compared to if the daily allowance of $41.55 was claimed[14]
- our testing did not find any instances where the expense claims documented the business reason for the higher cost alternative (e.g. seat upgrades)

Pre-approval required but not documented

AER's travel policy requires pre-approval for personal mileage claims as well as for travel for attending a course/conference. None of the expense claims we tested had pre-approval documented within the expense claim. AER told us pre-approval is typically provided verbally.

[14] AER employees can claim either the actual cost of a meal or the daily allowance when carrying out AER business activities.

Tracking of flight passes needs improvement

Flight passes were regularly purchased by AER staff in an effort to lower travel costs. These passes are inherently difficult for AER to track usage, and there is a risk that the passes could be used by staff for personal reasons, or expire before they can be used, resulting in wasted funds.

Unclear personal mileage versus car allowances

AER executives received an annual car allowance of $12,000. There is no guidance around what the car allowance is meant to cover. As a result, we found AER executives were being paid a car allowance as well as reimbursement for personal mileage claims for business related travel. For example, we found one AER EVP was paid a car allowance and also claimed significant personal mileage claims. This AER executive was paid personal mileage of $51,761 from April 2014 to October 2018.

NEW Recommendation:
Strengthen expense claim policy and improve controls over expense claim processes

We recommend that the Alberta Energy Regulator improve controls over expense claim processes to ensure expenses are valid, supported and appropriately approved.

Consequences of not taking action

Public sector funds may be inappropriately spent if AER does not have processes to ensure only valid, supported and approved expenses are being claimed.

Department

IMPLEMENTED Recommendation
User Access Controls

Context

In 2016,[15] we recommended that the department, improve its documentation around employee user access to key business systems by:

- identifying and documenting what roles are in conflict in its key business systems
- providing access to employees according to their roles and responsibilities and regularly monitoring conflicting roles
- implementing mitigating controls to reduce risk from conflicting roles to an acceptable level

Our audit findings

The department has implemented our recommendation to document conflicting roles within its key business systems and to ensure appropriate controls are in place where conflicting roles have been identified.

[15] *Report of the Auditor General of Alberta—October 2016*, no. 16, p. 99.

Alberta Petroleum Marketing Commission

IMPLEMENTED Recommendation User access and change-management controls

Context

In 2018,[16] we recommended that the Alberta Petroleum Marketing Commission (APMC) implement stronger access and change-management control procedures to ensure that access and changes to the financial model are working in a controlled and consistent matter.

Our audit findings

In 2019, APMC implemented the Sturgeon Refinery Model Changes Control process whereby all new user-access requests and changes in assumptions to the model are documented by program staff and approved by the CEO or Executive Director.

We tested the new processes and controls and found them to operate as designed. We concluded that the APMC has implemented our recommendation to design and enforce stronger access and change-management control procedures to the financial model.

IMPLEMENTED Recommendation Assumptions and key judgements

Context

In 2018,[17] we recommended that APMC improve its method for supporting, updating, and documenting assumptions and key judgements applied to its model analysis.

Our audit findings

In 2019, APMC implemented the Onerous Contract Model Changes Control process whereby all changes in assumptions and key judgements to the model are documented for CEO approval.

We assessed the process and concluded that the APMC has implemented our recommendation to improve its method for supporting, updating, and documenting assumptions and key judgements into its model analysis.

16 *Report of the Auditor General of Alberta—November 2018*, page 69.

17 *Report of the Auditor General of Alberta—November 2018*, page 69.

Outstanding Recommendations

4	→	Implemented Recommendations
7	→	New Recommendations
18	→	Outstanding Recommendations
7	→	Outstanding Recommendations Older than 3 Years
9	→	Outstanding Recommendations Ready for Followup
9	→	Outstanding Recommendations Not Ready for Followup

RECOMMENDATION	When	Status
DEPARTMENT SYSTEMS TO MANAGE ROYALTY REDUCTION PROGRAMS: **Evaluate and report on royalty reduction program objectives** We recommend that the Department of Energy annually evaluate and report whether the department's royalty reduction programs achieve their objectives.	**February 2016, no. 1, p. 18**	**Ready**
ALBERTA ENERGY REGULATOR: **Strengthen processes for its senior management compensation arrangements** We recommend the Alberta Energy Regulator implement processes to ensure senior management agreements, including compensation, distance work arrangements, and succession plans, are transparent, equitable, properly supported, approved and discussed with the AER Board.	November 2019, Energy Ministry Chapter, p. 55	**Not Ready**
ALBERTA ENERGY REGULATOR: **Identify and comply with the applicable laws** We recommend that the Board of the Alberta Energy Regulator seek assurance from management that they are in compliance with all withholding rules and regulations.	November 2019, Energy Ministry Chapter, p. 57	**Not Ready**

RECOMMENDATION	When	Status
ALBERTA ENERGY REGULATOR: **Strengthen expense claim policy and improve controls over expense claim processes** We recommend that the Alberta Energy Regulator improve controls over expense claim processes to ensure expenses are valid, supported and appropriately approved.	November 2019, Energy Ministry Chapter, p. 59	**Not Ready**
ALBERTA ENERGY REGULATOR AN EXAMINATION OF THE ICORE: **AER Board oversight was ineffective** We recommend that the AER Board improve its oversight by: • Ensuring the effectiveness of processes to evaluate corporate culture and senior executive performance • Obtaining formal and periodic assertions from management that activities comply with legislation and AER policies, including policies related to conflict of interest • Ensuring officers in key risk management, compliance and internal control roles are well-positioned and supported to provide complete information about AER activities • Reviewing and approving CEO travel and expenses • Ensuring the primary channel of communication to the responsible Ministers is through the Board • Establishing processes to engage with executive staff, and other staff within the organization, to gain comfort that all significant matters have been brought to the attention of the Board	October 2019, p. 39	**Not Ready**
ALBERTA ENERGY REGULATOR AN EXAMINATION OF THE ICORE: **Financial information management and human resources controls were ineffective** We recommend that AER perform sufficient due diligence to assess the risk of further waste of public resources not already identified.	October 2019, p. 44	**Not Ready**

RECOMMENDATION	When	Status
ALBERTA ENERGY REGULATOR AN EXAMINATION OF THE ICORE: **Controls to track and monitor expenses were poorly implemented** We recommend AER evaluate whether any additional funds expended on ICORE activities are recoverable.	October 2019, p. 51	**Not Ready**
ALBERTA ENERGY REGULATOR AN EXAMINATION OF THE ICORE: **AER's internal whistleblowing process — distinct from the processes involving the Public Interest Commissioner (PIC) — was not viewed as safe and effective** We recommend AER staff are made aware of, and are sufficiently trained on, AER's whistleblowing process, consistent with Section 6 of Alberta's *Public Interest Disclosure (Whistleblower Protection) Act*.	October 2019, p. 54	**Not Ready**
ALBERTA ENERGY REGULATOR SYSTEMS TO REGULATE PIPELINE SAFETY AND RELIABILITY IN ALBERTA: **Use risk management activities to make informed decisions** We recommend that the Alberta Energy Regulator use its risk management activities to make informed decisions on allocating resources and determine the nature and extent of activities to oversee pipelines.	**March 2015, no. 4, p. 46**	**Ready**
ALBERTA ENERGY REGULATOR SYSTEMS TO REGULATE PIPELINE SAFETY AND RELIABILITY IN ALBERTA: **Formalize training program for core pipeline staff** We recommend that the Alberta Energy Regulator complete a skills gap analysis and formalize a training program for its core pipeline staff.	**March 2015, no. 5, p. 46**	**Ready**

RECOMMENDATION	When	Status
ALBERTA ENERGY REGULATOR SYSTEMS TO REGULATE PIPELINE SAFETY AND RELIABILITY IN ALBERTA: **Identify performance measures and targets** We recommend that the Alberta Energy Regulator identify suitable performance measures and targets for pipeline operations, assess the results obtained against those measures and targets, and use what it learns to continue improving pipeline performance.	March 2015, no. 6, p. 51	Ready
ALBERTA ENERGY REGULATOR SYSTEMS TO REGULATE PIPELINE SAFETY AND RELIABILITY IN ALBERTA: **Review pipeline incident factors** We recommend that the Alberta Energy Regulator: • expand its analysis of pipeline incident contributing factors beyond the primary causes • promptly share lessons learned from its investigations with industry and operators	March 2015, no. 7, p. 53	Ready
ALBERTA ENERGY REGULATOR SYSTEMS TO REGULATE PIPELINE SAFETY AND RELIABILITY IN ALBERTA: **Assess current pipeline information** We recommend that the Alberta Energy Regulator complete an assessment of its current pipeline information needs to support effective decision making, and determine the type and extent of data it should collect from pipeline operators, through a proactive, risk-based submission process.	March 2015, no. 8, p. 56	Ready
ALBERTA ENERGY REGULATOR SYSTEMS TO REGULATE PIPELINE SAFETY AND RELIABILITY IN ALBERTA: **Implement risk-based compliance process** We recommend that the Alberta Energy Regulator implement a cost effective risk-based compliance process to evaluate the adequacy and effectiveness of pipeline operators' integrity management programs, and safety and loss management systems.	March 2015, no. 9, p. 59	Ready

RECOMMENDATION	When	Status
ALBERTA PETROLEUM MARKETING COMMISSION APMC'S MANAGEMENT OF AGREEMENT TO PROCESS BITUMEN AT THE STURGEON REFINERY: **Develop processes for risk management and staff capacity, and ensure board oversight** We recommend that: • The Alberta 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	February 2018, Performance Auditing, p. 74	**Ready**
ALBERTA PETROLEUM MARKETING COMMISSION APMC'S MANAGEMENT OF AGREEMENT TO PROCESS BITUMEN AT THE STURGEON REFINERY: **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.	February 2018, Performance Auditing, p. 79	**Not Ready**
ALBERTA PETROLEUM MARKETING COMMISSION APMC'S MANAGEMENT OF AGREEMENT TO PROCESS BITUMEN AT THE STURGEON REFINERY: **Establish performance measures and targets** We recommend that Alberta Petroleum Marketing Commission develop performance measures, set targets and compare results against planned performance.	February 2018, Performance Auditing, p. 79	**Ready**
ALBERTA PETROLEUM MARKETING COMMISSION APMC'S MANAGEMENT OF AGREEMENT TO PROCESS BITUMEN AT THE STURGEON REFINERY: **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.	February 2018, Performance Auditing, p. 79	**Not Ready**