

# Alberta Energy

There are no new recommendations to the department in this report.

The department has implemented one outstanding recommendation in our *Systems to Manage Royalty Reduction Programs Assessment of Implementation Report*—see page 179.

In our *Systems to Regulate Dam Safety Assessment of Implementation Report*, we found that the Alberta Energy Regulator (AER) implemented our two recommendations we originally made to Alberta Environment and Parks. We made our original recommendations to Alberta Environment and Parks because it regulated all dams in Alberta at that time. In 2014, AER became the regulator for energy related dams and tailings ponds and developed the Dam Safety Program to meet our recommendations. See the Alberta Environment and Parks Ministry Chapter (page 99).

We issued unqualified independent auditor's reports on the 2019-2020 financial statements for the Alberta Utilities Commission (AUC), the Alberta Petroleum Marketing Commission (APMC), the Post-closure Stewardship Fund, the Balancing Pool and the Canadian Energy Centre Ltd. (CEC).

As part of our financial statement audit of the department and APMC for the year ended March 31, 2020, we found accounting errors related to significant Ministry of Energy transactions—see page 84. APMC has four outstanding recommendations, two of which are ready for assessment.

The CEC has one new recommendation—see page 89.

We issued a qualified auditor's report on the 2019-2020 financial statements of the Alberta Energy Regulator (AER) as it did not appropriately present and disclose the nature of its relationship and transactions related to ICORE NFP, an entity it created.

AER has one new recommendation (see page 87), 12 outstanding recommendations, six of which are older than three years. Eight recommendations are ready for assessment.

## Status of Recommendations

as of November 2020

- 2** Implemented
- 2** New Recommendations
- 18** Outstanding Recommendations
  - **10** Ready for Assessment
  - **8** Not Ready for Assessment
- 6** Outstanding Recommendations Older than Three Years

# Accounting errors related to significant Ministry of Energy transactions

## Department and the Alberta Petroleum Marketing Commission

### Context

The Alberta Petroleum Marketing Commission (APMC) is a subsidiary of the Ministry of Energy, operating as an agent to advance strategic commercial oil and gas related activities for the Government of Alberta. Over the past year, APMC's most significant activities have been unwinding the crude-by-rail program, managing the Sturgeon Refinery processing agreement, and finalizing Keystone XL pipeline investment agreements. These activities are in addition to APMC's ongoing responsibility to sell the crude oil royalties it collects in-kind.

In the early part of 2020, two significant challenges, COVID-19 and actions by OPEC members, resulted in considerable petroleum price volatility and financial risk to the energy industry. Both of these global events also significantly impacted the Ministry of Energy, negatively effecting the underlying economics of APMC initiatives, as well as creating strains on the capacity of both the Department of Energy and APMC.

As a subsidiary, APMC's financial results are consolidated into the Government of Alberta financial statements. The department facilitates this process by compiling information from the APMC to produce ministry financial information, which is then supplied to the Provincial Controller for inclusion into the Government of Alberta's annual financial statements. Also, APMC has a December 31 fiscal year-end, while the Government of Alberta has a March 31 fiscal year-end. Therefore, APMC must provide updated amounts and disclosures to the department for the government's March 31 year-end.

Depending on the nature of APMC's role and involvement, transactions may be accounted for at either the department or APMC. For example, the department is accounting for the crude-by-rail program in its financial accounts, whereas the Sturgeon Refinery processing agreement and the Keystone XL investment are included in APMC's financial results.

For all three initiatives, APMC is relied upon as the subject matter expert and is the steward of information critical to support complete and accurate accounting for the Government of Alberta. All three initiatives are financially significant to the government. The ministry is accountable to ensure their financial information is complete and accurate.

### Current findings

#### Key findings

- The department's accounting analysis did not reflect the underlying economic reality of 11 crude-by-rail contracts still being active resulting in a \$637 million adjustment to expenses.
- Neither the department nor APMC performed analysis to assess accounting implications of the Keystone XL agreements as of March 31, 2020, resulting in a \$100 million adjustment to assets and liabilities.
- The cash flow model to value the Sturgeon Refinery processing agreement was not appropriately updated for March 31, 2020.

Our audit findings highlight the importance of adhering to corporate processes and best practices when preparing financial reporting. Not adhering to them for non-routine transactions can have a profound impact on reported results. Although the errors were adjusted and the amounts reported in the audited financial statements are correct, we are reporting these findings to reinforce the need to comply with established processes and best practices.

We describe in more detail below what gave rise to the errors identified.

### **The department's accounting analysis did not reflect the underlying economic reality of 11 crude-by-rail contracts still being active resulting in a \$637 million adjustment to expenses.**

In June 2019, the government announced they were ending the crude-by-rail program and divesting the associated agreements. On February 11, 2020, the government announced that 19 contracts for rail cars, loading and unloading capacity, logistics and other services were being finalized for divestment by APMC. At March 31, 2020, eight had been terminated/divested, while 11 had not.

The department initially chose to account for the program as if all the contracts had been divested. They expensed the entire cost estimated to divest the contracts at \$1.43 billion. The accounting analysis we received from the department contended that the government intention to dissolve the agreements was sufficient reason to record the full obligations for the contracts as of March 31, 2020. When or whether the remaining contracts would be divested did not factor into the department's accounting analysis. This accounting approach did not reflect the economic reality that as of March 31, 2020, 11 contracts were still active, with ongoing payments required until the contracts are either divested or conclude. Correcting this error resulted in a \$637 million reduction adjustment to expenses. These future payments are currently reflected in the contractual obligations note of the Government of Alberta 2019–2020 financial statements.

The department also did not have all pertinent information related to the crude-by-rail program to perform its accounting analysis. For example, we found that APMC inaccurately accounted for two agreements as if they were amended when they had not been. Once this information was considered, it resulted in an additional \$76 million being included in contractual obligations of the total \$1.5 billion as presented in the Government of Alberta 2019–2020 financial statements.

### **Neither the department nor APMC performed analysis to assess accounting implications of the Keystone XL agreements as of March 31, 2020, resulting in a \$100 million adjustment to assets and liabilities.**

APMC and TransCanada Pipelines entered into Keystone XL investment agreements effective March 31, 2020. As part of the agreements, APMC is making equity contributions totaling \$1.06 billion until the end of 2020. Both the department and APMC stated that there were no accounting implications, other than the need for disclosure, as of March 31, 2020. However, we found, per the agreements, that an initial contribution of approximately \$100 million was due as of March 31, 2020, and as a result APMC's assets and liabilities were understated. Neither APMC nor the department were able to provide us with an accounting analysis to support their conclusion that there were no accounting implications for fiscal 2020. After we raised the unrecorded asset and liability error, the department made the necessary adjustment.

## The cash flow model to value the Sturgeon Refinery processing agreement was not appropriately updated for March 31, 2020

APMC uses a model to assess the overall projected cash flows for its Sturgeon Refinery processing agreement. In this model a number of assumptions and inputs are used, with petroleum prices being one of the largest factors. The model results are used to perform an onerous contract assessment,<sup>27</sup> which determines if a provision (expense) is necessary. Typically, if the net present value of cash flows is below zero, a provision is necessary. The APMC, as of its fiscal year-end of December 31, 2019, recorded a provision, for the first time, of \$1.7 billion. A number of factors resulted in the need to record a provision, with petroleum prices being the most significant. APMC uses Government of Alberta petroleum price forecasts as part of the processing agreement cash flow model.

We found that the onerous contract was not updated appropriately for March 31, 2020. In particular, updated price forecasts as of March 31, 2020, were not used.

In prior years, the department did not require the model to be updated for March 31<sup>st</sup>, as there hadn't been significant changes in the underlying assumptions, including petroleum price forecasts, between December 31<sup>st</sup> and March 31<sup>st</sup>. Given the significant impacts from COVID-19 and OPEC member related decisions, price forecasts shifted significantly in the first quarter of 2020. We did not see evidence that the department planned to request APMC update the model to reflect updated price forecasts. After we requested APMC update the model based on more current information, the updated numbers resulted in an additional \$795 million to the provision.

We also found additional calculation errors in the March 31, 2020, run of the model, including historical debt toll payments (sunk costs) not being removed from the calculation and the updated diesel pricing methodology not being used. This resulted in a \$121 million error where only \$72 million was adjusted, and \$49 million was not adjusted due to timing delays.

Given the magnitude and complexity of the transactions at the Ministry of Energy, it is important for both APMC and the department adhere to existing controls in place to ensure that the government's financial statements are not materially misstated.

<sup>27</sup> An onerous contract is a contract in which the costs exceed the benefit. When this occurs the net amount must be recognized.

## Findings

### Alberta Energy Regulator

#### Qualified audit opinion of the Alberta Energy Regulator's financial statements for year ended March 31, 2020

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). We issued a qualified auditor's report because AER did not appropriately present and disclose the nature of its relationship and transactions related to ICORE NFP, an entity it created. We repeated our qualification for our opinion on the financial statements of AER for the year ended March 31, 2020 based on the facts we set out on pages 51 and 52 in the November 2019 public report that led to qualified auditor's report for the fiscal 2019 financial statements.

The AER board and management continue to maintain the view that ICORE NFP was a related party, and not a controlled organization, and consequently did not restate comparative financial information in the fiscal 2020 financial statements. The relationship and transactions with ICORE NFP as a related party is disclosed in a schedule to the financial statements. We did not accept the board and management's view because it represents a departure from Canadian Public Sector Accounting Standards. We believe this departure from the standards represent a qualitative material difference supporting a qualification for the financial statements as a whole.

## NEW Recommendation

### Alberta Energy Regulator

#### Processes for Cloud Computing

##### NEW Recommendation:

Develop an effective cloud governance structure and retain documentation to evidence policies were followed

We recommend that the Alberta Energy Regulator:

- put into place an effective governance structure to ensure proper oversight of cloud initiatives
- ensure documentary evidence is retained to prove that policies are followed, including change management

### Context

Cloud computing is becoming a preferred option for delivering information technology (IT) services for government agencies and businesses. Information traditionally stored on hardware within an organization's control is increasingly being stored on remote computers that are managed by third-party cloud service providers. The use of cloud computing continues to grow as organizations realize that many benefits can be obtained from cloud arrangements. At the same time, cloud initiatives create risks that need to be effectively managed. For example, cloud services elevate risks surrounding data security, privacy and compliance. Effective cloud governance prompts the development of policies, processes, and standards to be followed when deciding upon, adopting, and managing cloud services. Cloud governance is not intended to block the use of cloud services, but rather to facilitate a thoughtful and well managed approach to cloud service use.

Since 2017, the Alberta Energy Regulator (AER) has been transitioning important processes and information to cloud-based solutions. For example, AER entered into service level agreements with a vendor to implement cloud-based systems to capture employee information, payroll, training and safety information in one location. During our 2018 audit, we communicated to AER board and management that they had not yet established a cloud governance structure or developed a policy for managing cloud computing risks.

During the current fiscal year, AER contracted with a cloud service provider and moved two significant business applications to the cloud:

- email exchange server moved in December 2019
- SAP, an enterprise application supporting the financial reporting processes moved in January 2020

## Current findings

### Key findings

- AER lacks cloud governance processes to oversee whether cloud objectives are met, risks are managed and performance is measured.
- AER did not have sufficient evidence that proper change management controls were applied when moving applications to the cloud environment.

### Cloud governance processes are lacking

AER has not implemented a cloud governance approach to keep pace with the organization's adoption of cloud-based services. AER also does not have the necessary policies to enable a controlled, consistent and sustainable approach to manage cloud computing risks. We found that in 2017 AER IT management developed a cloud framework document that contains many foundational items for building a good cloud governance structure. However, as of April 2020, this framework has not been fully finalized. As a result, we did not see evidence that the board and senior management were appropriately overseeing that cloud objectives are met, risks are appropriately managed and performance is measured in relation to AER's increased usage of cloud computing.

We did not see evidence that AER applied practices outlined in its cloud framework and architecture document when AER moved the email exchange server and the SAP application to the cloud, including the following:

- assessing risks with cloud adoption using an enterprise risk management approach
- clearly defining responsibilities and accountabilities between AER and the cloud provider
- completing a cloud exit strategy prior to adopting a cloud service

### Lack of evidence that change management processes were applied for transition to the cloud

AER did not have documented evidence to prove that effective change management controls were applied when moving the email exchange server and SAP application to the cloud. AER's change management process requires the completion of a project change request form. Change request forms are the primary tool used for requesting, approving, and documenting changes to a project and is an important piece of the change management process. We identified the following deficiencies in that process:

- one of the original project change request forms to move the email systems to the cloud was missing
- AER could not provide a finalized and signed project change form to show that a draft project change form for SAP was approved

## Consequences of not taking action

Without effective governance, risk management and oversight processes related to the use of cloud computing, AER exposes itself to data loss, privacy breach and business interruption that threaten the organization's ability to deliver effective and efficient services to Albertans.

## NEW Recommendation

### Canadian Energy Centre Ltd.

#### Design and Implement Effective Contract Management Controls

##### NEW Recommendation:

Design and implement effective contract management controls

We recommend that the Canadian Energy Centre Ltd. improve contract management processes by:

- designing and implementing controls to ensure contracts are valid, supported, and appropriately approved
- improving documentation to demonstrate contracting decisions, including sole sourcing approaches, are justified and providing value for money

## Context

The Government of Alberta established the Canadian Energy Centre Ltd. (CEC) as a provincial corporation on October 9, 2019. After incorporation and the hiring of a CEO, the board directed the organization to promptly set up business processes to carry out the mandate of the organization, which includes research and data gathering, fostering energy literacy, and responding rapidly to information about Canadian oil and gas deemed inaccurate.

The CEC relies upon contractors to perform many of its main business activities. This includes activities like website design and development, story-writing, custom photography, media awareness campaigns, as well as the provision of services for supporting corporate functions, such as accounting and information technology. During CEC's first fiscal period ended March 31, 2020, external contractors accounted for about \$1.3 million of the organization's \$2 million of operating expenses.

The Government of Alberta procurement guidelines outline three methods of procurement: open solicitation, limited solicitation, and sole-sourcing. Open and limited solicitation involve competitive bidding processes, whereas sole-sourcing is a non-competitive process used and justified when only one known source exists, or when a specific contractor has specialized expertise or experience to provide the required goods or services.

As a new provincial corporation, the board expected the corporation to establish its own policies guided by government practices and policies, including the government's procurement accountability framework. At the time of incorporation, the CEC articulated what it referred to as a procurement policy within its governance documents as follows:

*“Canadian Energy Centre Ltd. agrees to use best efforts to efficiently maximize funding and minimize expenditures so as to ensure maximum return on investment and that deliverables and services are attained at commercially reasonable rates and prices.”*

The CEC used sole-sourcing as the primary method of solicitation for securing services, including for content creation, strategic plan development, and corporate functions, in the fiscal period.

While sole-sourcing can be a valid contracting approach, organizations need to ensure the principles of fairness, transparency and integrity are followed. To demonstrate the best value for the public dollars spent and “to ensure maximum return on investment”, and that “deliverables and services are attained at commercially reasonable rates and prices” are obtained from any sole-source arrangements, it is essential that a provincially funded organization like the CEC retain documentation to evidence:

- justification to demonstrate why a competitive bid process cannot be used
- an explanation of the contractor’s unique qualifications or other factors that qualify the proposed contractor
- services are cost competitive and represent a reasonable use of public resources
- assessment of any real or perceived conflict of interest the procurement initiator may have with the contractor

## Current findings

### Key findings

- The nature of contract expenses were consistent with CEC’s mandate.
- The CEC lacked adequately documented contracting policies during the fiscal period we examined.
- Some expenses were incurred without appropriate approvals.
- Appropriate documentation for contracts—most of which were sole-sourced—was not maintained.

### Nature of contract expenses were consistent with CEC’s mandate

We determined the nature of services delivered during the fiscal period for contracts we examined were in line the business goals and the mandate of the CEC. For example, CEC contracted with a vendor to build and establish a website for content, and achieve metrics for site views and engagement.

### The CEC lacked adequately documented contracting policies during the fiscal period we examined

In our examination, we found a draft expenditure and procurement policy; however, the policy had not been approved by the board. Further, the policy and prescribed procedures outlined in the documents were not applied during the fiscal period we examined. Thus, we conclude the CEC did not have adequately documented policies in place for managing contracts for the current fiscal period.



## Some expenses were incurred without appropriate approval

We tested the controls for approval of contract expenses and found three instances where expenses were incurred prior to the contract being signed by both parties. We also found two instances where expenses were incurred prior to obtaining the required board approval for contracts exceeding \$75,000.

## Appropriate documentation for contracts—most of which were sole-sourced—was not maintained

We found instances where there was insufficient documentation to explain how a vendor was chosen based on proposals provided. The majority of sole-source contracts we examined lacked sufficient documentation to provide:

- the justification for using sole sourcing as the method of solicitation
- the unique qualifications that qualified the contractor
- evidence that the services would be provided at a reasonable cost
- other important considerations such as conflict of interest assessments

## Consequences of not taking action

As CEC will continue to rely extensively on contracts to conduct its core business activities in the future, Albertans need assurance that the amount of money invested into the corporation is appropriate and well spent. Ineffective contract management processes may result in wasted time and public funds, potential or perceived conflicts of interest, and an increased risk that Albertans are not receiving the best value for the investment of public dollars in the organization.

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## IMPLEMENTED Recommendations

### Department

#### Systems to Manage Royalty Reduction Programs

**IMPLEMENTED** Recommendation:

Evaluate and report on Royalty Reduction Program objectives

**Original:** *Report of the Auditor General of Alberta—February 2016*, no. 1, page 18

We recommend that the Department of Energy annually evaluate and report whether the department's royalty reduction programs achieve their objectives.

## Findings

Details on our assessment of implementation on the above recommendation can be found in the *Systems to Manage Royalty Reduction Programs Assessment of Implementation Report* on page 179.

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### Identify and Comply with the Applicable Laws

**IMPLEMENTED** Recommendation:

Non-compliance with tax rules for employer provided parking

**Original:** *Report of the Auditor General of Alberta—November 2019*, page 57

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.

## Findings

### Alberta Energy Regulator

#### Context

In 2019, we found that AER did not assess taxes on employer subsidized parking, costing AER \$1.3 million.

#### Current findings

AER has implemented our recommendation to provide assurance to the board they are in compliance with all withholding rules and regulations. AER now treats employer paid parking as a taxable benefit for applicable employees, and has reissued T4s for previous tax years.

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## Outstanding Recommendations as of November 2020

| RECOMMENDATION  | When                 | Status                          |
|---|----------------------|---------------------------------|
| <p><b>ALBERTA ENERGY REGULATOR</b></p> <p><b>Develop an effective cloud governance structure and retain documentation to evidence policies were followed</b></p> <p>We recommend that the Alberta Energy Regulator:</p> <ul style="list-style-type: none"> <li>• put into place an effective governance structure to ensure proper oversight of cloud initiatives</li> <li>• ensure documentary evidence is retained to prove that policies are followed, including change management</li> </ul>  | November 2020, p. 87 | <b>Not Ready for Assessment</b> |
| <p><b>CANADIAN ENERGY CENTRE LTD.</b></p> <p><b>Design and implement effective contract management controls</b></p> <p>We recommend that the Canadian Energy Centre Ltd. improve contract management processes by:</p> <ul style="list-style-type: none"> <li>• designing and implementing controls to ensure contracts are valid, supported, and appropriately approved</li> <li>• improving documentation to demonstrate contracting decisions, including sole sourcing approaches are justified and providing value for money</li> </ul> | November 2020, p. 89 | <b>Not Ready for Assessment</b> |
| <p><b>ALBERTA ENERGY REGULATOR</b></p> <p><b>Strengthen processes for its senior management compensation arrangements</b></p> <p>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.</p>   | November 2019, p. 55 | <b>Ready for Assessment</b>     |
| <p><b>ALBERTA ENERGY REGULATOR</b></p> <p><b>Strengthen expense claim policy and improve controls over expense claims</b></p> <p>We recommend that the Alberta Energy Regulator improve controls over expense claims processes to ensure expenses are valid, supported and appropriately approved.</p>  | November 2019, p. 59 | <b>Ready for Assessment</b>     |

## Outstanding Recommendations as of November 2020

| RECOMMENDATION   | When                       | Status                                 |
|--|----------------------------|--|
| <p><b>ALBERTA ENERGY REGULATOR</b><br/>AN EXAMINATION OF ICORE:</p> <p><b>AER Board oversight was ineffective</b></p> <p>We recommend that the AER Board improve its oversight by:</p> <ul style="list-style-type: none"> <li>• Ensuring the effectiveness of processes to evaluate corporate culture and senior executive performance</li> <li>• Obtaining formal and periodic assertions from management that activities comply with legislation and AER policies, including policies related to conflict of interest</li> <li>• Ensuring officers in key risk management, compliance and internal control roles are well-positioned and supported to provide complete information about AER activities</li> <li>• Reviewing and approving CEO travel and expenses</li> <li>• Ensuring the primary channel of communication to the responsible Ministers is through the Board</li> <li>• 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</li> </ul> | <p>October 2019, p. 39</p> | <p><b>Not Ready for Assessment</b></p> |
| <p><b>ALBERTA ENERGY REGULATOR</b><br/>AN EXAMINATION OF THE ICORE:</p> <p><b>Financial information management and human resources controls were ineffective</b></p> <p>We recommend that AER perform sufficient due diligence to assess the risk of further waste of public resources not already identified.</p>   | <p>October 2019, p. 44</p> | <p><b>Not Ready for Assessment</b></p> |
| <p><b>ALBERTA ENERGY REGULATOR</b><br/>AN EXAMINATION OF THE ICORE:</p> <p><b>Controls to track and monitor expenses were poorly implemented</b></p> <p>We recommend AER evaluate whether any additional funds expended on ICORE activities are recoverable.</p>   | <p>October 2019, p. 51</p> | <p><b>Not Ready for Assessment</b></p> |

## Outstanding Recommendations as of November 2020

| RECOMMENDATION   | When                     | Status                          |
|--|--------------------------|---------------------------------|
| <p><b>ALBERTA ENERGY REGULATOR</b><br/>AN EXAMINATION OF THE ICORE:</p> <p><b>AER’s internal whistleblowing process—distinct from the processes involving the Public Interest Commissioner (PIC)—was not viewed as safe and effective</b></p> <p>We recommend AER staff are made aware of, and are sufficiently trained on, AER’s whistleblowing process, consistent with Section 6 of Alberta’s <i>Public Interest Disclosure (Whistleblower Protection) Act</i>.</p> | October 2019, p. 54      | <b>Not Ready for Assessment</b> |
| <p><b>ALBERTA ENERGY REGULATOR</b><br/>SYSTEMS TO REGULATE PIPELINE SAFETY AND RELIABILITY IN ALBERTA:</p> <p><b>Use risk management activities to make informed decisions</b></p> <p>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.</p>   | March 2015, no. 4, p. 46 | Ready for Assessment            |
| <p><b>ALBERTA ENERGY REGULATOR</b><br/>SYSTEMS TO REGULATE PIPELINE SAFETY AND RELIABILITY IN ALBERTA:</p> <p><b>Formalize training program for core pipeline staff</b></p> <p>We recommend that the Alberta Energy Regulator complete a skills gap analysis and formalize a training program for its core pipeline staff.</p>   | March 2015, no. 5, p. 46 | Ready for Assessment            |
| <p><b>ALBERTA ENERGY REGULATOR</b><br/>SYSTEMS TO REGULATE PIPELINE SAFETY AND RELIABILITY IN ALBERTA:</p> <p><b>Identify performance measures and targets</b></p> <p>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.</p>                                | March 2015, no. 6, p. 51 | Ready for Assessment            |

## Outstanding Recommendations as of November 2020

| RECOMMENDATION   | When                                   | Status                             |
|--|--|------------------------------------|
| <p><b>ALBERTA ENERGY REGULATOR</b><br/>SYSTEMS TO REGULATE PIPELINE SAFETY AND RELIABILITY IN ALBERTA:</p> <p><b>Review pipeline incident factors</b></p> <p>We recommend that the Alberta Energy Regulator:</p> <ul style="list-style-type: none"> <li>expand its analysis of pipeline incident contributing factors beyond the primary causes</li> <li>promptly share lessons learned from its investigations with industry and operators</li> </ul>             | <p><b>March 2015, no. 7, p. 53</b></p> | <p><b>Ready for Assessment</b></p> |
| <p><b>ALBERTA ENERGY REGULATOR</b><br/>SYSTEMS TO REGULATE PIPELINE SAFETY AND RELIABILITY IN ALBERTA:</p> <p><b>Assess current pipeline information</b></p> <p>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.</p> | <p><b>March 2015, no. 8, p. 56</b></p> | <p><b>Ready for Assessment</b></p> |
| <p><b>ALBERTA ENERGY REGULATOR</b><br/>SYSTEMS TO REGULATE PIPELINE SAFETY AND RELIABILITY IN ALBERTA:</p> <p><b>Implement risk-based compliance process</b></p> <p>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.</p>   | <p><b>March 2015, no. 9, p. 59</b></p> | <p><b>Ready for Assessment</b></p> |

## Outstanding Recommendations as of November 2020

| RECOMMENDATION  | When  | Status                                 |
|---|---|--|
| <p><b>ALBERTA PETROLEUM MARKETING COMMISSION</b><br/>APMC'S MANAGEMENT OF AGREEMENT TO PROCESS BITUMEN AT THE STURGEON REFINERY:</p> <p><b>Develop processes for risk management and staff capacity, and ensure board oversight</b></p> <p>We recommend that:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• The board of directors exercise oversight by ensuring the Alberta Petroleum Marketing Commission has these processes in place</li> </ul> | <p>February 2018,<br/>Performance Auditing,<br/>p. 74</p> | <p><b>Ready for Assessment</b></p>     |
| <p><b>ALBERTA PETROLEUM MARKETING COMMISSION</b><br/>APMC'S MANAGEMENT OF AGREEMENT TO PROCESS BITUMEN AT THE STURGEON REFINERY:</p> <p><b>Improve reporting to Albertans</b></p> <p>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.</p>   | <p>February 2018,<br/>Performance Auditing,<br/>p. 79</p> | <p><b>Not Ready for Assessment</b></p> |
| <p><b>ALBERTA PETROLEUM MARKETING COMMISSION</b><br/>APMC'S MANAGEMENT OF AGREEMENT TO PROCESS BITUMEN AT THE STURGEON REFINERY:</p> <p><b>Establish performance measures and targets</b></p> <p>We recommend that Alberta Petroleum Marketing Commission develop performance measures, set targets and compare results against planned performance.</p>  | <p>February 2018,<br/>Performance Auditing,<br/>p. 79</p> | <p><b>Ready for Assessment</b></p>     |
| <p><b>ALBERTA PETROLEUM MARKETING COMMISSION</b><br/>APMC'S MANAGEMENT OF AGREEMENT TO PROCESS BITUMEN AT THE STURGEON REFINERY:</p> <p><b>Complete a lessons learned analysis</b></p> <p>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.</p>  | <p>February 2018,<br/>Performance Auditing,<br/>p. 79</p> | <p><b>Not Ready for Assessment</b></p> |