

NEWS RELEASE

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Auditor General report highlights need for strong internal controls

Edmonton, Alberta, Canada...The findings and recommendations in the **Report of the Auditor General—November 2021** call for process improvements and strong internal controls.

The report includes the results of the audit of the *2020-2021 Consolidated Financial Statements of the Province of Alberta*, along with the results of three new performance audits and five assessment of implementation reports.

The report makes eight new recommendations and repeats one recommendation from a past audit. It also confirms the implementation of 22 previous recommendations.

“The report reaffirms the importance of effective internal controls to demonstrate accountability, which is a cornerstone of public trust,” said Auditor General Doug Wylie.

On June 21, 2021, the Auditor General issued an unqualified (clean) audit opinion on the province’s Consolidated Financial Statements for the year ended March 31, 2021, meaning that the government’s reporting of its finances was found to be free of material misstatements and presented fairly in accordance with Public Sector Accounting Standards.

Key financial risks examined included:

- Impact of COVID-19
- Implementation of the government’s new enterprise resource planning system, 1GX (One Government Experience)
- Investment in Keystone XL pipeline
- Government’s contract with the North West Redwater Partnership
- Environmental Liabilities

“Overall, we found improvements in financial reporting and internal control processes over last year. We did not find any significant misstatements requiring adjustments this year,” said Wylie.

The Auditor General found further improvements are still necessary to the government’s processes for providing information on its environmental liabilities, recorded at \$278 million as of March 31, 2021.

“Improvements have been made since we released our June 2021 report on this subject, but more are needed,” Wylie said, adding that the estimates and disclosures of environmental liabilities this year were found to be reasonable despite weaknesses in the process.

The impact of COVID-19 was among the key financial risks examined in the audit of the consolidated financial statements. The report notes that government entities assessed the impact of COVID-19 and that amounts in the consolidated financial statements relating to COVID-19 related expenses, inventory balances, revenue and deferred revenues were reasonable.

The Auditor General said his office is continuing with its performance audit work on the impact of COVID-19. “We are focusing on public accountability for what was spent, program effectiveness, and on lessons learned by government for responding to similar crises in future,” said Wylie, adding the results of this performance audit work will be reported in future reports.

The November report includes the results of two performance audits to examine *Processes to Report on Value Generation* at Alberta Enterprise Corporation (AEC) and Alberta Innovates (AI).

“Given the significant government investment in these organizations, it is important they demonstrate to Albertans the value generated by their activities and how they are achieving their mandates to promote and foster innovation,” said Wylie.

The Auditor General found that AEC and AI did have processes to measure, monitor and report whether their activities generate value, but that improvements can be made. He recommended that both organizations establish targets for their performance measures, analyze results to targets and cost, and report internally and externally on the results analysis and lessons learned.

The annual performance audit of *Travel, Meal and Hospitality Expenses of the Premier, Ministers and Their Staff* covered five departments this year. The Auditor General found all had effective processes to verify expenses and comply with Treasury Board oversight policies and processes.

Wylie said he was pleased to report that all but one of the previous recommendations examined in the *Assessment of Implementation Reports* had been confirmed as implemented.

This is the fifth public report issued by the Auditor General over the past year.

To read the report, please go to www.oag.ab.ca

Appointed under Alberta’s Auditor General Act, the Auditor General is the legislated auditor of every provincial ministry, department, and most provincial agencies, boards, commissions, and regulated funds. The audits conducted by the Office of the Auditor General report on how government is managing both its responsibilities and the province’s resources.

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