

NEWS RELEASE

March 22, 2022

\$1 billion job creation and environmental cleanup program lacks formal risk management processes

Edmonton, Alberta, Canada... The Auditor General of Alberta found the Department of Energy has designed and implemented the Site Rehabilitation Program to meet the program's objectives. Grants were issued promptly, which helped create employment in Alberta's oil and gas sector during economically challenging times.

As part of its COVID-19 Economic Response Plan, the Government of Canada provided up to \$1 billion to the Government of Alberta to create jobs in the energy sector while cleaning up the environment. In May 2020, the Government of Alberta launched the Site Rehabilitation Program (SRP) to provide grants to oilfield service companies to perform well, pipeline, and oil and gas site cleanup work over a three-year period.

The report found the department:

- has efficient and effective processes to ensure grants are awarded and paid only to eligible applicants;
- monitors the SRP performance;
- reports on the SRP using accurate, complete and timely information; and
- is meeting its responsibilities under the federal-provincial agreement.

However, the audit identified one area where there is need for improvement. During the period examined, the Auditor General found the department did not have an adequate process to identify, analyze and respond to key risks to the SRP.

"A robust risk management process is important given the magnitude of the funding, a rapidly changing external environment, pandemic impacts, energy prices, and the necessity for key decisions to be supported and documented," said Wylie. "For example, one risk the department identified was that demand for the program was declining as energy prices and sector activity increased, potentially resulting in the SRP using less than the \$1 billion available."

While the audit found evidence that risk related discussions and deliberations occurred since the inception of the SRP, the Auditor General did not see evidence that risks were clearly identified as they arose, evaluated for likelihood and impact, and mitigating actions developed.

Before the audit concluded, the department started to develop a documented listing of key risks and related information. The Auditor General is making a recommendation for the department to formalize its process to identify, analyze and respond to key risks to the SRP.

The federal-provincial agreement requires grants to be issued until March 31, 2022, and all work for the awarded grants to be completed by December 31, 2022. Any funds not expended by March 31, 2023, are required to be returned to the Government of Canada.

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The *Report of the Auditor General—Site Rehabilitation Program* was tabled in the Alberta Legislature on March 22, 2022, and is available at www.oag.ab.ca.

Appointed under Alberta's Auditor General Act, the Auditor General is the legislated auditor of every provincial ministry, department, public post-secondary institution, 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 its responsibilities and the province's resources. Through our audit reports, we provide independent assurance to the 87 Members of the Legislative Assembly of Alberta, and the people of Alberta, that public money is spent properly and provides value.

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