

Assessment of Implementation Report

Alberta Environment and Parks

Wetland Replacement

(April 2010) (October 2015)

Summary of Recommendations

In February 2021, we completed our assessment of implementation from our April 2010⁵² audit, which was repeated in October 2015,⁵³ on *Alberta Environment and Parks' Wetland Replacement*. We found that the recommendation has not been implemented.

We are repeating our recommendation with updated wording:

We recommend that the Department of Environment and Parks have clear, enforceable agreements and effective monitoring to ensure wetland replacement parties meet their responsibilities.

We expect the department to implement the recommendation for the 2013 policy and for the remaining wetland replacement under the 1993 policy.

REPEATED RECOMMENDATION:

Improve controls over wetland replacement

Introduction

In our 2010 audit, we found that the department lacked processes for monitoring the wetland replacement agencies' responsibilities and did not know if the funds they collected were appropriately spent.

In 2015, we repeated our recommendation because the department still did not:

- retain sufficient records of its assessment of whether project proponents met requirements to avoid wetland loss
- require the two agencies, Ducks Unlimited Canada (DUC) and the County of Vermilion River (Vermilion), to report all the information needed to assess if the wetlands were appropriately replaced
- have effective monitoring to ensure the agencies were meeting their responsibilities
- have an agreement with the City of Calgary (Calgary) to ensure the money it collected from project proponents was spent on wetland replacement

⁵² Report of the Office of the Auditor General—April 2010, page 71.

⁵³ Report of the Office of the Auditor General—October 2015, page 45.

Our assessment focused on the department's working relationships with the agencies and Calgary and on the department's control procedures under the 1993 policy. We also reviewed the design of the department's processes under the 2013 policy.⁵⁴

Recommendation: Improve controls over wetland replacement

REPEATED

Context

The department's 1993 policy governed wetland replacement in Alberta until 2015, when the current policy took effect.⁵⁵ Under both policies, project proponents are required to avoid or minimize wetland loss whenever possible.⁵⁶ If wetland loss cannot be avoided, project proponents must pay a fee for wetland replacement.

Two wetland replacement agencies operated in Alberta under the 1993 policy:

1. Ducks Unlimited Canada (since 2005)
2. County of Vermilion River (2013–2018)⁵⁷

Agreements with the department required the agencies to collect wetland replacement fees from project proponents, keep records of replacement activities, and report to the department about the activities, results, and spending.

The City of Calgary had its own wetland policy since 2007. It collected fees from project proponents for wetland replacement in the municipality.

Table 1: Wetland replacement and spending 2005–2018

Agency	Spent on wetland replacement	Wetland area replaced (hectares)	Still to be spent	Still to be replaced (hectares)
DUC	\$37M	2,730	\$16M ⁵⁸	863
Vermilion	\$0.2M	3	\$0.5M ⁵⁹	80
Calgary	\$0.8M	8	\$34M ⁶⁰	77

Under the 2013 policy, project proponents pay the department,⁶¹ and the department hires contractors to replace the lost wetland.⁶²

⁵⁴ The department's implementation of the 2013 policy was still being set up when we completed our assessment in September 2020. By December 2020, the department replaced 158 hectares of lost wetland, for which fees have been collected under the 2013 policy.

⁵⁵ Alberta Wetland Policy, September 2013.

⁵⁶ Wetland is low-lying area of land covered by water long enough to support aquatic plants and wildlife for part of their life cycles. They store and slowly release water and reduce the damaging effects of flooding. They also purify runoff and help keep lakes and rivers clean. Over 20 per cent of Alberta's surface area is covered by wetland.

⁵⁷ Vermilion operated as an agency between from 2013 to 2018, as part of a pilot project.

⁵⁸ The department's agreement with DUC requires the replacement to be completed by 2022.

⁵⁹ The department's agreement with Vermilion expired March 31, 2018.

⁶⁰ Calgary collected the money under its own policy, which required a higher fee per hectare than Alberta's policy.

⁶¹ As of December 2020, the department collected \$35 million for wetland replacement under the 2013 policy. The money is held in a designated account.

⁶² The 2013 policy also allows the fees to be spent for non-replacement activities such as research and public education.

Our current findings

The department has not implemented our recommendation to improve wetland replacement relationships and control procedures and ensure replacement agencies meet their responsibilities.

The department did not monitor wetlands replaced under the 1993 policy

In 2015, we reported that the agreements with DUC and Vermilion did not require the agencies to report about key aspects of wetland replacement. The department did not change the requirements. But DUC and Vermilion chose to report on wetland area lost and replaced since 2017.⁶³

In 2015, we also reported that the agreement with DUC did not require the agency to monitor the replaced wetlands, and report whether the wetlands have established and are functioning.⁶⁴ In other words, the department did not know if the replacement was successful. The department stated that the fees collected under the 1993 policy were set to replace an area three times larger area than the area lost. This approach intended to achieve the policy goal of no-net-loss of wetland area.⁶⁵ Therefore, monitoring of replaced wetlands was not required under the 1993 policy.

Under the 2013 policy, the department aims to ensure that all replaced wetlands are functioning. The department requires monitoring of the replaced wetlands to ensure they have established and achieved the planned function.

The department still lacks effective monitoring to ensure agencies meet their responsibilities

In 2015, we reported that the department did not have effective monitoring to ensure that agencies were meeting their responsibilities.

The department still has not improved monitoring and lacked assurance that the agencies met their responsibilities.

We found the following issues:

- The interest earned on the funds collected for wetland replacement, totaled \$2 million⁶⁶ for DUC and \$40,000 for Vermilion. The department's agreements with the agencies required them to spend the interest on wetland replacement. The department did not request information to make sure the agencies met this requirement.
- The department stated that a review of the agencies' annual reports was performed to check for errors and omissions, but we found no evidence of the department's review.
- DUC reported the total amount spent on each replaced wetland. The department did not ask DUC to provide supporting documents for the reported expenses to confirm that the funds were fully spent on wetland replacement.

⁶³ DUC's 2017–2019 and Vermilion's 2017–2018 reports included information on wetland area lost and replaced.

⁶⁴ Functioning wetlands provide benefits such as ecological value (food, water, and shelter for fish, birds, and mammals), hydrological benefits (water storage and release), and improved water quality (trapping of sediment and pollution control).

⁶⁵ The no-net-loss approach was adopted in many North American jurisdictions at that time due lack of available science on what is a successfully functioning wetland.

⁶⁶ The \$2 million interest is based on our estimate.

- There were notable differences in per hectare replacement cost reported by DUC and Vermilion.⁶⁷ Vermilion spent over 30 per cent of the funds collected but replaced only four per cent of the wetland area.⁶⁸ The department expected Vermilion's costs to be higher because it was a new agency. But it did not follow up with Vermilion to determine if the costs were reasonable and how the higher costs impact the wetland area to be replaced.

We acknowledge that the department focused on developing and implementing the 2013 policy. However, it took little action toward obtaining assurance that the agencies met their responsibilities under the previous policy.

Under the 2013 policy, the department hires contractors to replace wetlands, reviews their replacement plans, completed project reports, and supporting documents prior to reimbursing them for replacement costs.

The department has an agreement with the City of Calgary but has no agreement with Vermilion

The department signed an agreement with Calgary in March 2021. The agreement states that Calgary will aim to use all of the fees collected to replace the lost wetland or to undertake alternative wetland projects.⁶⁹ It requires annual reporting to the department about replacement activities and funds spent.

The department's agreement with Vermilion expired in 2018. Vermilion still has over \$500,000 and is required to replace 80 hectares of wetland. The department stated that it is determining if the money collected by Vermilion should be transferred to the department or spent by Vermilion under a new agreement. However, the department lacks a concrete plan for what needs to be done and by when.

The department has sufficient records to support minimization of wetland impact

The department implemented procedures to assess if project proponents complied with the requirement to avoid or minimize wetland loss. Our testing found that project proponents provided support for why wetland loss was unavoidable and how they minimized the loss, and the department reviewed the support before approving development.

Consequences of not taking action

Without clear agreements and effective monitoring of wetland replacement activities, spending, and success, the department does not know if replacement parties are meeting their responsibilities. As a result, Alberta's wetland policy goals may not be met.

⁶⁷ Our analysis used collected and spent fees, restored area, and estimated replacement cost per hectare reported in DUC's 2017–2019 annual reports.

⁶⁸ Our analysis used information reported in Vermilion's 2012–2018 annual reports.

⁶⁹ Alternative wetland projects include projects that support the maintenance of wetland value (for example wetland monitoring, research and education) and the protection of wetlands (for example stream restoration and intermittent watercourse protection).

Assessment of Implementation Report

Alberta Health

Electronic Health Records

(October 2009)

Summary of Recommendations

In January 2021, we completed our assessment of implementation from our October 2009 audit of Alberta Health's *Electronic Health Records* (Alberta Netcare).⁷⁰ We found that the recommendation has been implemented:

IMPLEMENTED Recommendation:
User access management

Introduction

In 2009, we audited whether the Department of Health had appropriate controls to prevent unauthorized access to Albertans' health records (Netcare).⁷⁰

We found that:

- user access management policies were not consistently followed
- many terminated users still had access
- there was no process in place to review active accounts

At the conclusion of our 2009 audit, we recommended the department ensure that its user access management policies are followed and that user access to health information is removed when access privileges are no longer required.⁷¹

In 2013, we performed a followup on several other recommendations from our 2009 report. At that time, we found the recommendation on user access management was not yet ready for us to assess.⁷²

⁷⁰ Alberta Netcare, also known as the provincial Electronic Health Record (EHR), is a system accessible to health professionals and contains Albertans' personal health information.

⁷¹ *Report of the Auditor General of Alberta—October 2009*, page 80.

⁷² *Report of the Auditor General of Alberta—October 2013*, page 67.

Recommendation:

User access management

IMPLEMENTED

Context

During our 2009 audit, we found the department was not reviewing user access in Netcare and access was not always suspended or disabled when no longer needed.

Our current findings

We examined the process the department has in place to make sure its policies requiring that only the right people have access to Albertans' electronic health records are followed. We also analyzed access permission data to make sure that system users are removed when they no longer need to access health records.

We found the department:

- developed processes to certify that system users need access to do their jobs
- periodically checks whether users understand their responsibilities for system use and access
- automatically flags users who have not accessed the system within 180 days to investigate whether or not they still need access