

Assessment of Implementation Report



**Alberta Treasury Board
and Finance**

**Auditor
General**
OF ALBERTA

Report of the Auditor General
November 2022

Introduction

About Our Assessment of Implementation Report

Management is responsible for implementing our recommendations.

We examine management's implementation plans and perform procedures to determine whether management has implemented our recommendation(s) when management has asserted they have been implemented. We repeat our recommendations if we do not find evidence they have been implemented.

We may also issue new recommendations for matters that come to our attention in the course of our assessment. Our Assessment of Implementation Reports are conducted under the authority of the *Auditor General Act*. The Office of the Auditor General applies Canadian Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with applicable professional standards and applicable ethical, legal and regulatory requirements.

Our office complies with the independence and other ethical requirements of the Chartered Professional Accountants of Alberta Rules of Professional Conduct, which are founded on fundamental principles of integrity and due care, objectivity, professional competence, confidentiality, and professional behavior.

Assessment of Implementation Report

Alberta Treasury Board and Finance

Government of Alberta Capital Planning

(October 2017)

Summary of Recommendations

In August 2022, we completed our assessment of whether the Department of Treasury Board and Finance has implemented our recommendations to improve maintenance planning systems and evaluate capital maintenance programs for buildings. We found both recommendations have been implemented:

IMPLEMENTED Recommendation:
Improve maintenance planning systems

IMPLEMENTED Recommendation:
Evaluate capital maintenance programs for buildings

Introduction

In 2017, we audited the Government of Alberta's capital planning systems to:

- guide departments in identifying capital needs
- confirm that departments' capital needs aligned with long-term program needs and service delivery plans
- make capital investment recommendations to government committees

We made three recommendations to the Department of Infrastructure. In 2019, responsibility for the Government of Alberta capital planning systems was transferred from the Department of Infrastructure to the Department of Treasury Board and Finance. We completed the assessment of implementation based on these updated responsibilities.

In our November 2021⁴² report we assessed the recommendation related to capital planning standards and phased approach to capital planning and approval as implemented.

The scope of this assessment of implementation includes the two remaining recommendations related to:

- improving maintenance planning systems
- evaluating capital maintenance programs for buildings

We focused our assessment on determining if the enhanced maintenance planning systems were adequately designed and implemented and if the department evaluated its capital maintenance programs for buildings. Our assessment did not include COVID-19 capital stimulus funding.

In our assessment of implementation, completed on August 22, 2022, we found that the department implemented our recommendations to improve maintenance planning systems and evaluate capital maintenance programs for buildings.

The implemented recommendations included a review of a sample of capital maintenance and renewal (CMR) programs and the development and implementation of a standard centralized CMR program across the Government of Alberta. The centralized CMR program includes standard CMR prioritization criteria that provide the department with better information on maintenance needs, risks and results expected and help the department to make recommendations on CMR funding.

Recommendation: **Improve maintenance planning systems**

IMPLEMENTED

Context

In our original audit from 2017,⁴³ we found that adequate information was not obtained from departments on their maintenance needs and risks, or on the results they aimed to achieve with the maintenance funding requested.

Our current findings

The department implemented our recommendation to:

- obtain information from departments on their maintenance needs and risks, and on the results they aim to achieve with the maintenance funding they request
- analyze the departments' maintenance information and provide objective advice to government committees on maintenance funding

We found the department developed and implemented a centralized process for departments to submit capital maintenance and renewal (CMR) funding requests. The process included:

- a standard definition for determining maintenance needs that are eligible for CMR funding, CMR templates and guidelines

⁴² *Report of the Auditor General of Alberta—November 2021*, Assessment of Implementation Reports, page 215.

⁴³ *Report of the Auditor General of Alberta—October 2017*, Performance Auditing, page 23.

- criteria for departments to use to prioritize their maintenance requests that provides the department with better information on maintenance needs, risks and results. The criteria focus on the plan for the asset, importance of the asset and functionality, condition of the asset, reason for the work and impact of failure.

The department reviewed CMR submissions from the various departments and followed up on missing information or information that was inconsistent with its understanding. The department analyzed the CMR submissions, including the prioritization results, and developed funding scenarios that considered the CMR needs, capacity to execute the work and CMR funding available, and provided a recommendation to the Deputy Minister Capital Committee.

The department received and monitored quarterly CMR reporting from departments. The quarterly reporting provided the department with information on CMR projects completed, cancelled or emergent projects that arose.

Recommendation:

Evaluate capital maintenance programs for buildings

IMPLEMENTED

Context

In our original audit from 2017,⁴⁴ we found that the Government of Alberta had not reviewed its four capital maintenance programs for buildings to assess whether they are working as effectively as possible.

Our current findings

The department implemented our recommendation to work with affected departments to lead a review of the four capital maintenance programs for buildings and evaluate whether they are working well.

We found the department reviewed CMR programs to create a consistent and coordinated approach to prioritize and plan for CMR funding across the Government of Alberta. The review consisted of:

- a current state analysis of CMR programs for seven key departments, including CMR definitions, asset inventory data and processes to collect and prioritize CMR projects
- a review of CMR programs in similar jurisdictions
- an evaluation of proposed standardized prioritization criteria for CMR projects

The department used the results of the review to develop a standard CMR program across the Government of Alberta that departments use to submit CMR funding requests. The information is used to help the department prioritize CMR needs across the Government of Alberta.

The department continues to enhance its CMR program, including assessing how it can better use departments' information on asset condition and functionality to prioritize CMR needs and funding.

⁴⁴ *Report of the Auditor General of Alberta—October 2017, Performance Auditing, page 26.*