

Audit of the 2023–2024 Consolidated Financial Statements of the Province of Alberta

Annual Summary of Ministry Audit Work

Report of the Auditor General
November 2024



**Auditor
General**
OF ALBERTA

Shane Getson, MLA
Chair
Standing Committee on Legislative Offices

I am honoured to transmit my *Audit of the 2023-2024 Consolidated Financial Statements of the Province of Alberta and Annual Summary of Ministry Audit Work* to the Members of the Legislative Assembly of Alberta, under the *Auditor General Act*.



W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General of Alberta

Edmonton, Alberta
November 2024

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Report Highlights

This *Report of the Auditor General—November 2024* includes an annual summary of the recommendations of the Auditor General of Alberta since December 2023, the *Audit of the 2023–2024 Consolidated Financial Statements of the Province of Alberta*, an Annual Summary of Ministry Audit Work, and a *Summary of the 2023 Financial Audit Results of School Jurisdictions in Alberta*.

Annual Summary of Recommendations

The report begins with an Annual Summary of Recommendations (page 3), followed by a comprehensive listing of recommendations made and implemented throughout the year (page 7).

In our financial statement and performance audits, we issue recommendations to improve the economy, efficiency, and effectiveness of the programs and processes we audit. The value of our work is fully realized only when these recommendations are implemented. That's why we track the status and assess the implementation of our recommendations.

We serve as a trusted advisor to the Standing Committee on Public Accounts (PAC) in its review of government spending. The committee, made up of elected members from all political parties, uses our reports to examine how the government has managed public funds and responded to our recommendations. PAC is a key part of the government's financial accountability cycle, focusing on value for money in the administration of government policy. Its role is to help the Assembly hold the government accountable for its spending and stewardship of public resources, ensuring transparency in the management and use of public funds.

Each ministry chapter in this report lists the recommendations we have made over the years which have not yet been implemented.

Audit of the 2023–2024 Consolidated Financial Statements of the Province of Alberta

The Auditor General of Alberta issued a clean audit opinion on the Province's Consolidated Financial Statements for the year ended March 31, 2024 (page 14). This means Albertans can be confident that the financial statements of the province are free of material misstatements and are presented fairly in accordance with public sector accounting standards.

The audit focused on the following five key risks—or those matters that, in the Auditor General's professional judgment, were of most significance—during the audit.

- Environmental Liabilities (page 19)
- Pension Liabilities (page 22)
- Private Equities, Inflation-sensitive and Alternative Investments (page 23)

- Investments in and Toll Commitments Related to the North West Redwater Partnership (page 24)
- Personal Income Tax Revenue (page 25)

Annual Summary of Ministry Audit Work

During the audit of the *2023-2024 Consolidated Financial Statements of the Province of Alberta*, we issued 11 new recommendations dealing with improvements needed to financial information preparation and reporting, and grant management processes. We also repeated four recommendations, three of which relate to user access controls of information systems (page 27).

Summary of the 2023 Financial Audit Results of School Jurisdictions in Alberta

This report (page 59) summarizes the results of examination of audits performed by the independent auditors of all school jurisdictions in Alberta, as required under Section 19(4) of the *Auditor General Act*. The purpose of the summary of the financial information and recommendations made to school jurisdictions is to identify trends across the sector.

Annual Summary of Recommendations

The following table summarizes our recommendations since December 2023. It also notes the status of all outstanding recommendations, by ministry, including their respective reporting entities, as of October 31, 2024.

The status of Ready for Assessment/Not Ready for Assessment is based on management's current assertion to us that either the recommendation:

- has been implemented and is ready for our assessment
- has not yet been implemented and is therefore not ready for our assessment

The list is subject to change. The most current version is available on the "Recommendations to government" section of our website.

				Status of Recommendations*						Closed Recommendations	
Ministry	New	Out-standing	Total	Ready for Assessment	Not Ready for Assessment	Not Implemented**	> 3 Years	< 3 Years	Repeated	Implemented	Changed Circumstance
Advanced Education	5	13	18	5	13	0	8	10	2	3	0
Affordability and Utilities	0	0	0	0	0	0	0	0	0	0	0
Agriculture and Irrigation	1	2	3	2	1	0	0	3	0	0	0
Arts, Culture and Status of Women	0	0	0	0	0	0	0	0	0	0	0
Children and Family Services	0	4	4	3	1	0	4	0	1	0	0
Education	0	3	3	3	0	0	3	0	0	0	0
Energy and Minerals	0	10	10	0	10	0	0	10	0	0	0
Environment and Protected Areas	3	14	17	6	11	0	7	10	0	1	0
Forestry and Parks	1	4	5	0	5	0	4	1	0	0	0
Health	0	16	16	2	14	0	3	13	0	8	1
Immigration and Multiculturalism	0	0	0	0	0	0	0	0	0	0	0
Indigenous Relations	0	1	1	1	0	0	0	1	0	0	0
Infrastructure	0	4	4	0	4	0	0	4	0	0	0
Jobs, Economy and Trade	0	3	3	3	0	0	0	3	0	0	0
Justice	0	0	0	0	0	0	0	0	0	0	0
Mental Health and Addiction	0	0	0	0	0	0	0	0	0	0	0
Municipal Affairs	0	1	1	1	0	0	1	0	0	0	0
Public Safety and Emergency Services	2	2	4	0	4	0	2	2	0	1	0
Seniors, Community and Social Services	3	6	9	0	9	0	3	6	2	1	0
Service Alberta and Red Tape Reduction	1	0	1	0	1	0	0	1	0	0	0
Technology and Innovation	4	2	6	0	6	0	0	6	1	1	0
Tourism and Sport	0	0	0	0	0	0	0	0	0	0	0
Transportation and Economic Corridors	4	5	9	3	6	0	0	9	0	0	0
Treasury Board and Finance	0	7	7	5	1	1	7	0	0	0	0
Executive Council	0	0	0	0	0	0	0	0	0	0	0
Office of the Legislative Assembly and Offices of the Legislature	0	0	0	0	0	0	0	0	0	0	0
Total	24	97	121	34	86	1	42	79	6	15	1

* Includes new recommendations.

** These recommendations were previously accepted.

We use older than three years (>3) as a performance measure for when we expect management to implement our recommendations. We update the three-year status at the beginning of each new fiscal year (April 1).

Not Implemented Recommendation

This recommendation previously accepted by the government is now marked as *Not Implemented* because the department has informed the auditor general that it no longer plans to implement it. It will remain part of our total outstanding recommendations list.

Treasury Board and Finance

Recommendation	When	Status
DEPARTMENT Reporting Performance Results to Albertans Assessment of Implementation: Results Analysis Performance This is a two-part recommendation. We recommended that the department implement: • guidance and training for ministry management to identify, analyze and report on results in ministry annual reports • processes to monitor ministry compliance with results analysis reporting standards Since 2019, the department has improved processes related to performance reporting guidance and training. However, the department informed us that it will not be implementing our recommended compliance monitoring process. It has indicated that there is no current government directive to monitor whether ministries are complying with reporting standards. The department further states it doesn't have the authority to monitor ministries compliance with reporting standards.	November 2024, p. 1 > Repeated August 2019, p. 12 > Originally reported July 2014, no. 1, p. 19	Not Implemented

Summary of Public Reporting (Since December 2023)

Audit Recommendation Categories

- **New Recommendation:** We issue recommendations when significant improvement is needed related to a program or operations.
- **Implemented Recommendation:** We confirm management's assertion that it has adequately implemented recommended improvements.
- **Repeated Recommendation:** We conclude further improvements are still needed to implement the recommendation.
- **Changed Circumstance Recommendation:** After a recommendation is accepted by management, changes to circumstances, including operations, programs, policy, or legislation, may render the recommendation no longer relevant because the risk no longer exists.
- **Not Implemented Recommendation:** After accepting a recommendation, management asserts it will not implement process improvements even though the associated risk still exists.

Advanced Education

Report on Post-secondary Institutions 2023—March 2024

University of Calgary

- **NEW Recommendation:** Improve user access controls over terminated employees

Bow Valley College

- **IMPLEMENTED Recommendation:** Consistent application of processes

For-profit and Cost Recovery Ventures at Post-secondary Institutions Assessment of Implementation—March 2024

Department

- **IMPLEMENTED Recommendation:** Document and communicate expectations and guidelines
- **REPEATED Recommendation:** Improve department's oversight of Institutions' risk assessment of ventures

Annual Summary of Ministry Audit Work—November 2024

Department

- **IMPLEMENTED Recommendation:** Improve the ministry financial consolidation process—page 31

Olds College

- **NEW Recommendation:** Improve process to record portfolio investments—page 32
 - **NEW Recommendation:** Improve process to account for conditional funding—page 33
 - **NEW Recommendation:** Regularly reconcile cash accounts and investigate differences promptly—page 34
 - **NEW Recommendation:** Regularly monitor the condition of tangible capital assets—page 34
 - **REPEATED Recommendation:** Improve financial reporting processes—page 35
-

Agriculture and Irrigation

Annual Summary of Ministry Audit Work—November 2024

Department

- **NEW Recommendation:** Improve financial information preparation and reporting processes—page 47
-

Children and Family Services

Annual Summary of Ministry Audit Work—November 2024

Department

- **REPEATED Recommendation:** Improve user access controls for all its information systems—page 51
-

Environment and Protected Areas

Surface Water Management—July 2024

Department

- **NEW Recommendation:** Establish process to identify when to develop, assess, and update water conservation objectives
- **NEW Recommendation:** Improve licensing and compliance-monitoring processes
- **NEW Recommendation:** Publicly report relevant and reliable information on managing surface water

Annual Summary of Ministry Audit Work—November 2024

Department

- **IMPLEMENTED Recommendation:** Process for capital asset write-downs and disposals—page 75

Forestry and Parks

Annual Summary of Ministry Audit Work—November 2024

Department

- **NEW Recommendation:** Improve financial information preparation and reporting processes—page 87
-

Health

Chronic Disease Management Assessment of Implementation—March 2024

Department

- **IMPLEMENTED Recommendation:** Improve delivery of chronic disease management services
- **IMPLEMENTED Recommendation:** Improve support of patient-physician relationships
- **CHANGED CIRCUMSTANCE Recommendation:** Improve physician care plan initiative information
- **IMPLEMENTED Recommendation:** Improve delivery of pharmacist care plan initiative
- **IMPLEMENTED Recommendation:** Strengthen electronic medical record systems
- **IMPLEMENTED Recommendation:** Provide individuals with access to their personal health

Alberta Health Services

- **IMPLEMENTED Recommendation:** Improve support of patient-physician relationships
 - **IMPLEMENTED Recommendation:** Improve Alberta Health Services chronic disease management services
 - **IMPLEMENTED Recommendation:** Improve physician care plan initiative
-

Public Safety and Emergency Services

Victims of Crime and Public Safety Fund—Systems to Manage Sustainability and Assess Results Assessment of Implementation—November 2024

Department

- **IMPLEMENTED Recommendation:** Develop and publicly report on a business plan for the Victims of Crime and Public Safety Fund

Annual Summary of Ministry Audit Work—November 2024

Department

- **NEW Recommendation:** Improve financial information preparation and reporting processes—page 117
- **NEW Recommendation:** Improve grant management processes—page 118

Seniors, Community and Social Services

Income Support for Albertans Assessment of Implementation— March 2024

Department

- **IMPLEMENTED Recommendation:** Improve eligibility processes
- **REPEATED Recommendation:** Improve performance management processes

Processes to Assess and Manage the Condition of Affordable Housing—November 2024

Department

- **NEW Recommendation:** Maintain facility condition information
- **NEW Recommendation:** Improve oversight processes
- **NEW Recommendation:** Implement performance measures

Annual Summary of Ministry Audit Work—November 2024

Department

- **REPEATED Recommendation:** Improve user access controls for all its information systems—
page 123

Service Alberta and Red Tape Reduction

Annual Summary of Ministry Audit Work—November 2024

Alberta Gaming, Liquor and Cannabis Commission

- **NEW Recommendation:** Improve controls over liquor revenues—page 131

Technology and Innovation

Alberta.ca Account—July 2024

Department

- **NEW Recommendation:** Test automated controls
- **NEW Recommendation:** Strengthen data encryption controls
- **NEW Recommendation:** Improve program onboarding and governance practices
- **NEW Recommendation:** Enhance monitoring of systems

Annual Summary of Ministry Audit Work—November 2024

Department

- **REPEATED Recommendation:** Improve user access controls—page 137
- **IMPLEMENTED Recommendation:** Protecting information assets: Assess risk and improve oversight—page 138

Transportation and Economic Corridors

Highway Maintenance Contracts—November 2024

Department

- **NEW Recommendation:** Ensure contractors meet their requirements
- **NEW Recommendation:** Improve guidance and processes to administer extra work

Annual Summary of Ministry Audit Work—November 2024

Department

- **NEW Recommendation:** Improve processes and internal controls over financial reporting—page 143
- **NEW Recommendation:** Improve asset accounting processes—page 144

Treasury Board and Finance

Reporting Performance Results to Albertans Assessment of Implementation—November 2024

Department

- **NOT IMPLEMENTED Recommendation:** Improve ministry results analysis reporting

Audit of the 2023-2024
Consolidated Financial
Statements of the
Province of Alberta

Introduction

We prepared this chapter to help readers of the Province's Consolidated Financial Statements understand our audit and the audit matters or items that in our professional judgment were most significant to the audit of the Province's Consolidated Financial Statements. These include accounting for:

- environmental liabilities
- pension liabilities
- private equities, inflation-sensitive and alternative investments
- investments in and toll commitments related to the North West Redwater Partnership (NWRP)
- personal income tax revenue

Treasury Board and Finance is responsible to prepare the Province's Consolidated Financial Statements and ensuring that transactions and events are fairly presented in accordance with Canadian Public Sector Accounting Standards (PSAS). We are responsible to express an independent opinion that provides reasonable assurance that the consolidated financial statements are free of material misstatement and are fairly presented in accordance with PSAS.

We issued a clean (unqualified) audit opinion for the Province's Consolidated Financial Statements. We concluded the 2023-2024 financial statements are fairly presented in accordance with PSAS.

Background

The Province's Consolidated Financial Statements account for the financial affairs and resources of the province. They include the financial results of departments; regulated funds; agencies, boards, and commissions such as schools, universities, and health entities such as Alberta Health Services; and government business enterprises such as ATB Financial and the Alberta Petroleum Marketing Commission. The financial statements provide a comprehensive view of the revenues that the province recorded, its spending on various programs for 2023–2024, and its financial position at March 31, 2024.

Treasury Board and Finance is responsible to prepare the financial statements in accordance with PSAS. These standards ensure the financial information is presented fairly and on a comparable basis to prior years and to other governments. Departments, provincial agencies, and crown-controlled organizations are responsible to:

- implement internal controls related to collecting and disbursing (paying out) money and safeguarding assets
- ensure transactions comply with applicable legislation and regulations
- ensure transactions are properly recorded in financial systems to reflect their substance in accordance with the applicable financial reporting frameworks
- use judgment to prepare estimates in the consolidated financial statements

Understanding the financial statements

The Province's Consolidated Financial Statements provide information for Albertans and Members of the Legislative Assembly. They tell an important story about the province's financial position and its financial results for the year ended March 31, 2024. They show how much revenue the government recognized, and the sources and degree of uncertainty in estimating some of those revenues such as income taxes. The financial statements also provide accountability information to show how money was spent compared to approved budgets and in which areas, such as healthcare and education. The financial statements also provide information about the province's financial assets, liabilities, capital assets, and which departments exceeded their budget.

The *Government of Alberta Annual Report 2023–2024* includes a Budget 2023 Key Results section that supplements the financial statements. The government also publishes the *2023–2024 Final Results—Year-end Report*¹ with the annual report. These reports further explain significant variances from budgets and prior years' results.

In addition, ministry annual reports² include more detailed financial results of ministry revenues and expenses, comparing actual results to the budget approved by the Legislative Assembly and to prior-year results. The ministry annual reports also include financial information about significant programs and information required by legislation, such as reporting payments under agreements.

¹ <https://open.alberta.ca/dataset/9c81a5a7-cdf1-49ad-a923-d1ecb42944e4/resource/6d4b2e7f-0d65-4e32-b8b1-8ef318e428c5/download/tbf-go-a-2023-2024-final-results-year-end-report.pdf>

² <https://www.alberta.ca/government-and-ministry-annual-reports>

Audit Responsibilities and Quality Assurance Statement

Management is responsible for the financial statements and internal control of the entities we audit.

Our responsibility is to express an opinion on the financial statements, which is communicated in our independent auditor's reports that accompany the financial statements.

Our financial statement audits are conducted under the authority of the *Auditor General Act* and in accordance with Canadian Auditing Standards.

Our financial statement audits are not for the purpose of expressing an opinion on the overall effectiveness of internal control. We make recommendations when we identify significant deficiencies in the course of our work and perform assessments of the implementation of recommendations when management has asserted they have been implemented.

The Office of the Auditor General applies Canadian Standard on Quality Management 1 and, accordingly, maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with applicable professional standards and applicable ethical, legal and regulatory requirements. The 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 behaviour.

Audit Opinion on 2023-2024 Consolidated Financial Statements

Under the *Auditor General Act*, we are responsible for the annual audit of the Province's Consolidated Financial Statements. The objective of our audit is to provide reasonable assurance that the consolidated financial statements are free of material misstatement and are presented fairly in accordance with PSAS.

Clean audit opinion—on June 18, 2024, we issued a clean (unqualified) audit opinion on the Province's Consolidated Financial Statements for the year ended March 31, 2024. A clean audit opinion means that we concluded, based on sufficient and appropriate audit evidence, that the financial statements are free of material misstatement and are presented fairly in accordance with PSAS.

Canadian Auditing Standards—these standards require us, as part of our audit, to:

- understand the entities and business activities included in the Province's Consolidated Financial Statements
- assess the risks of material misstatement
- perform appropriate audit procedures to obtain sufficient and appropriate audit evidence to support our conclusion
- evaluate and conclude whether the Province's Consolidated Financial Statements fairly present its financial position, results of its operation, its remeasurement gains and losses, its changes in net debt, and its cash flows

Internal controls—our audit considered internal control to design audit procedures, but it was not designed to express an opinion on the effectiveness of internal control, and is not designed to identify all matters that may interest users. Internal control and other matters are limited to those we identified during the audit.

An effective and efficient internal control program that mitigates key financial and operational risks is an essential part of any organization. A key part of such an internal control program is evaluating the substance of transactions and events based on applicable accounting standards to ensure complete, accurate, and appropriate accounting and disclosures in the financial statements. In an environment where financial and operational risks are continually changing and emerging, a structured program for internal controls can assist an organization in identifying, assessing, and responding when appropriate to the changing environment. Effective internal controls ensure reliable financial reporting, effective and efficient operations, and compliance with legislation and internal policies.

New standards for public private partnerships, revenue and purchased intangibles—this year, agencies, boards and commissions, and departments who follow PSAS adopted a new revenue standard and a new purchased intangibles accounting guideline. Departments also implemented a new standard for accounting for infrastructure built, financed, and operated or maintained by public private partnerships (P3s). The impact of these new standards is described in note 1(c) of the Province’s Consolidated Financial Statements.

Management’s responsibility—management of each entity is responsible to implement systems to adopt new accounting standards and comply with the province’s accounting policies. We found most entities had effective processes and controls to adopt the new accounting standards. However, we identified an issue in one department’s implementation of the new P3 standard. The department initially did not accurately identify and account for the capital cost of infrastructure financed under a P3 arrangement. Prior to finalizing the Province’s Consolidated Financial Statements, management of the department corrected the cost by adjusting the P3 infrastructure asset, liability, amortization, debt service costs, and opening net assets.

Two (2023: five) departments did not meet Treasury Board and Finance’s timelines to prepare information required for the Province’s Consolidated Financial Statements.

Included in the ministry chapters in this report are the recommendations that we made to individual entities in areas for improvement in their financial reporting processes.

Key Audit Matters

Key audit matters—our auditor’s report on the *2023-2024 Consolidated Financial Statements of the Province of Alberta* included the following key audit matters, or matters that in our professional judgment were of most significance:

- environmental liabilities
- pension liabilities
- private equities, inflation-sensitive investments, and alternative investments
- investments in and toll commitments related to the North West Redwater Partnership (NWRP)
- personal income tax revenue

The purpose of communicating key audit matters is to increase the communication value of an auditor’s report by providing greater transparency about the audit. It also gives users a basis to engage with management and those charged with governance about certain matters relating to the entity, the audited financial statements, and the audit. We discuss the key audit matters we communicated in our auditor’s report below.

The communication of key audit matters does not alter our opinion on the consolidated financial statements, taken as a whole. We are not, by communicating key audit matters below, providing separate opinions about the key audit matters or the accounts or disclosures to which they relate.

Environmental Liabilities

Overview of risk

At March 31, 2024, the Province’s Consolidated Financial Statements included \$168 million (2023: \$117 million) for environmental liabilities (Schedule 12 of the Province’s Consolidated Financial Statements). Note 1(e) of the Province’s Consolidated Financial Statements describes the accounting policy for environmental liabilities.

Under the province’s polluter-pay principle, those who contaminate sites must remediate and reclaim them (clean them up). The province records environmental liabilities for remediation of contamination and reclamation³ of sites it is directly responsible for, or when it has accepted responsibility, and when it can reasonably estimate costs.

³ Reclamation is returning land to the state that is equivalent to what it was before development took place and it includes remediation (decontamination), restoration of land disturbances and revegetation as examples.

Under environmental laws, the province must clean up contamination on sites that it owns and operates. The province may also choose to accept responsibility to clean up some legacy sites⁴ created by industrial activity over the last century, before and after current environmental laws and standards existed. There are thousands of sites across various industries where the province is the regulator. In the province's role as regulator, environmental liabilities may arise for the province because of care and custody work required to ensure a site does not pose an undue risk to Albertans and the environment.

We identified accounting for environmental liabilities as a key audit matter because:

- there are a significant number of sites where responsibility and strategies for remediation or reclamation have not been established
- our *Processes to Provide Information About Government's Environmental Liabilities, Report of the Auditor General—June 2021*⁵ describes weaknesses in the processes to provide information about environmental liabilities
- management must interpret environmental law and standards to determine who is responsible to do the work when operators won't do the work or no longer exist
- management must have expertise to assess the nature and extent of contamination and the work required to remediate and reclaim sites, and then to estimate costs to do the work

What we examined

As part of our audit of the province's consolidated financial statements, we did the following audit work on this topic:

- obtaining an understanding of the systems, processes, and controls relating to identifying and evaluating contaminated sites
- assessing the appropriateness of the methods used to estimate the liability
- examining the liabilities recorded for a sample of sites where the province was directly responsible or had accepted responsibility by reviewing engineering reports and assessing and verifying if management's estimates and assumptions were reasonable
- selecting a sample of sites where management did not record a liability, and reviewing management's assumptions and explanations and determining that recognition criteria for environmental liabilities had not been met
- assessing the appropriateness of the disclosures in the consolidated financial statements against the standards for disclosures required by PSAS

⁴ Legacy sites are sites that were abandoned, remediated, or reclaimed before current requirements were introduced, and there is often no operator or industry association responsible.

⁵ <https://www.oag.ab.ca/reports/oag-governments-environmental-liabilities-fs-june-2021/>

Context

Direct responsibility or accepting responsibility for environmental liability—PSAS⁶ requires management to record environmental liabilities for cleaning up contaminated sites when all the following criteria are met:

- the government is directly responsible as the operator or has accepted responsibility for remediating a site
- contamination at a site exceeds environmental standards
- management can make a reasonable estimate of future costs that will be incurred

Environmental liabilities also include reclamation of land disturbances required by law.

Circumstances giving rise to environmental liability—the province could record an environmental liability in any of the following cases:

- the province is the operator under environmental laws
- regulatory directors (also called Statutory Decision Makers⁷ (SDMs)) determine that additional conservation and reclamation work is required after legislative warranty periods have expired. The *Environmental Protection and Enhancement Act*⁸ makes the province responsible for these costs.
- the province provided an indemnity to another party
- SDMs conclude that the province should do the work under environmental laws⁹ when SDMs ongoing efforts to hold an operator accountable have failed, and the operator no longer exists.

What liability includes—environmental liability estimates include the costs necessary to remediate and reclaim a site to an appropriate level for its specific use and the costs for any post-remediation operations, maintenance, and monitoring activities that are part of the remediation strategy. Accounting for environmental liabilities requires the work of specialists, like engineers, to determine the type and extent of contamination, the work required to remediate and reclaim sites, and the estimated costs to do that work.

Complex process—accounting for environmental liabilities is complex and requires judgments and reliance on experts. Responsibility for cleanup, the extent of work required, and determining who must do the work are also impacted by province's environmental regulatory systems and processes. Our *Processes to Provide Information About Government's Environmental Liabilities, Report of the Auditor General—June 2021*,¹⁰ describes weaknesses in these processes.

⁶ PS 3260—*Liability for contaminated sites*.

⁷ A person who has powers as a director under legislation to make protection order and enforcement response decisions.

⁸ Section 142(3) of *Environmental Protection and Enhancement Act* that states "The costs of carrying out work under subsection (1)(b) are the responsibility of the Government."

⁹ Such as Sections 214(1), 245 and 246 of *Environmental Protection and Enhancement Act*, Section 28 of the *Oil and Gas Conservation Act*, and section 17(1) of the *Coal Conservation Act*.

¹⁰ <https://www.oag.ab.ca/reports/oag-governments-environmental-liabilities-fs-june-2021/>

Pension Liabilities

Overview of risk

At March 31, 2024, the Province's Consolidated Financial Statements included \$7.9 billion (2023: \$8.3 billion) for pension liabilities (Schedule 14 of the Province's Consolidated Financial Statements).

The valuation of pension liabilities is inherently uncertain as the actual experience of the plan may differ significantly from assumptions used in calculating pension liabilities. Examples of assumptions include long-term expectations for investment returns, inflation, salary escalation, and mortality estimates. Pension plan investments include significant allocations to private equity and alternative investment asset classes which are subject to measurement uncertainty.¹¹ Valuation of these types of investments is also a key audit matter.

We identified the valuation of pension liabilities as a key audit matter because of the inherent measurement uncertainty in valuing the pension liability.

What we examined

As part of our audit of the province's consolidated financial statements, we did the following audit work on this topic:

- examining independent actuaries' work on the estimate of pension obligations
- assessing the actuaries' qualifications
- reviewing management's method used to estimate pension obligations
- assessing the reasonability of the assumptions used in the estimates
- testing controls over the completeness and accuracy of data provided to the actuaries
- examining the reasonability of the fair values of pension plan investments
- assessing the appropriateness of the disclosures in the consolidated financial statements against the standards for disclosures required by PSAS

Context

The province participates in several defined benefit pension plans as a participating employer for former and current employees. The plans include:

- Local Authorities Pension Plan
- Teachers' Pension Plan administered by Alberta Teachers' Retirement Fund Board
- Public Service Pension Plan
- Management Employees Pension Plan
- Supplementary Retirement Plan for Public Service Managers
- Provincial Judges and Applications Judges (Registered and Unregistered) Pension Plan
- Universities Academics Pension Plan (UAPP)

In addition, the province records liabilities for specific commitments made for pre-1992 pension obligations to the Teachers', Public Service Management (Closed Membership) Pension Plan, UAPP and Special Forces Pension Plan.

¹¹ Examples of these investments include infrastructure, real estate, renewable resources, and investments in privately-held companies.

Private Equities, Inflation-sensitive and Alternative Investments

Overview of risk

At March 31, 2024, the Province's Consolidated Financial Statements included \$12.2 billion (2023: \$12.0 billion) of assets consisting of private equities and inflation-sensitive and alternative investments (Schedule 6 of the Province's Consolidated Financial Statements) recorded at fair value.

Management uses valuation models to estimate the fair value of these investments.

The valuations of these investments are subject to measurement uncertainty because they are based on valuation models that use inputs and assumptions which are not based on observable market data or quoted market prices.

We identified the recording of private equities, inflation-sensitive and alternative investments as a key audit matter because estimated fair values may differ significantly from the value that would have been recorded had readily available market prices existed for these investments.

What we examined

As part of our audit of the province's consolidated financial statements, we did the following audit work on this topic:

- testing controls over the valuation process, including evidence of review, approval, segregation of duties, and oversight from management and those charged with governance
- agreeing valuations in investment accounting records to recent valuations
- assessing the valuers' qualifications
- confirming appropriate valuation models were used consistently between similar asset classes
- assessing the quality of management's support for key assumptions and inputs used in the valuation models
- examining management's process to obtain and consider information obtained after the valuation date that may provide evidence of conditions that existed at the reporting date
- assessing the appropriateness of the disclosures in the consolidated financial statements against the standards for disclosures required by PSAS

Context

The province invests through the Alberta Heritage Savings Trust Fund and other funds¹² in balanced investment portfolios that include allocations to private equities, inflation-sensitive and alternative investments. Examples include investments in infrastructure, real estate, renewable resources, and private equity investments.

¹² The Alberta Heritage Science, Engineering and Research Endowment Fund, the Alberta Heritage Foundation for Medical Research Endowment Fund, the Alberta Heritage Scholarship Fund.

Valuing such investments includes using models which use inputs that require the use of judgment, including management's estimates of forecasts of future cash flows for the investments. Assumptions include cash flows related to future revenues, operating expenses, inflation, capital investment, and discount rates used to discount those cash flows that reflect risks inherent in the investments.

The province uses valuation experts to prepare these valuations in accordance with accounting standards.

Investments in and Toll Commitments Related to the North West Redwater Partnership (NWRP)

Overview of risk

The province, via Alberta Petroleum Marketing Commission (the commission) signed a processing agreement, whereby NWRP will process Crown royalty bitumen, and market the refined products for the commission. The commission is responsible to supply bitumen and pay 75 per cent of the monthly cost-of-service tolls¹³ (including the unconditional debt tolls related to paying NWRP's debt).

At March 31, 2024, the province:

- recorded the total deficit of the commission in equity in government business enterprises on the consolidated statement of financial position (Schedule 8 of the Province's Consolidated Financial Statements). Included in the liabilities of the commission is an onerous contract accounting provision of \$2 billion (2023: \$669 million) because it estimated that the unavoidable costs of meeting the obligations under the agreement exceed its expected economic benefits.
- estimated the toll commitments to be \$37.3 billion (2023: \$40.1 billion)

We identified the accounting for the investment in NWRP and the toll commitments as a key audit matter because it requires significant judgments and long-term assumptions about future oil prices, inflation rates, and operation of the refinery over its expected life.

What we examined

As part of our audit of the province's consolidated financial statements, we did the following audit work on this topic:

- examining the cash flow model used to assess if the processing agreement represents an onerous contract
- assessing the reasonability of inputs and assumptions used in the model
- verifying appropriate application of onerous contract accounting
- assessing the appropriateness of the disclosures in the consolidated financial statements against the standards for disclosures required by PSAS

¹³ Under the processing agreement, the commission is obligated to pay a monthly toll comprised of debt principal, debt service costs and operating components.

Context

Schedule 8 to the consolidated financial statements discloses the impact of the agreements with the NWRP. The commission's agreement with the NWRP entitle the commission to share in the revenues from the sale of refined products but also require it to pay a monthly cost-of-service toll. Accounting standards require the commission to determine if the net present value (NPV) of the unavoidable future costs of meeting the obligations of the processing agreement exceed the future economic benefits it expects to receive. If the NPV of the expected costs exceeds the expected benefits, the contract is defined as "onerous" and the commission must record an expense and a corresponding liability in its financial statements to recognize the NPV of the expected loss. In following years, the commission would adjust the liability based on its annual assessments.

The commission uses a cash-flow valuation model to determine the future economic benefits. The model calculates the NPV of cash flows several decades into the future. The model is inherently complex because the NPV calculation depends on several variables, such as oil prices, light-heavy differentials, ultra-low-sulphur diesel-WTI premiums, exchange rates, capital and operating costs, interest and discount rates, and operating performance of the refinery.

The commission completed the onerous contract assessment at March 31, 2024 and found that the contract is onerous by \$2 billion. This amount is subject to measurement uncertainty and is highly variable and will fluctuate year to year due to the assumptions in determining the estimate. For example, according to the commission's sensitivity analysis, if the WTI-WCS differential¹⁴ and foreign exchange rates decreased by five per cent, the onerous contract provision would decrease by \$216 million, if all other variables held constant.

More detailed disclosures on the commission's investment in NWRP are in the commission's 2024 annual report.¹⁵

Personal Income Tax Revenue

Overview of risk

The province estimated personal income tax revenues of \$15.2 billion (2023: \$13.9 billion) for the year ended March 31, 2024. The revenue estimate is subject to measurement uncertainty because tax assessments are finalized after the consolidated financial statements are published. The province uses an economic model with several inputs and assumptions, such as population growth, personal income growth, and tax elasticity of income¹⁶ to estimate revenues.

We identified the accounting for personal income tax as a key audit matter because it requires significant judgments and several inputs and assumptions to estimate revenues for the reporting period.

¹⁴ The WTI-WCS differential is the price difference between West Texas Intermediate and Western Canadian Select crude oil.

¹⁵ <https://www.apmc.ca/public/download/files/247620>

¹⁶ An estimate of how personal income tax revenue is affected by changes in income.

What we examined

As part of our audit of the province's consolidated financial statements, we did the following audit work on this topic:

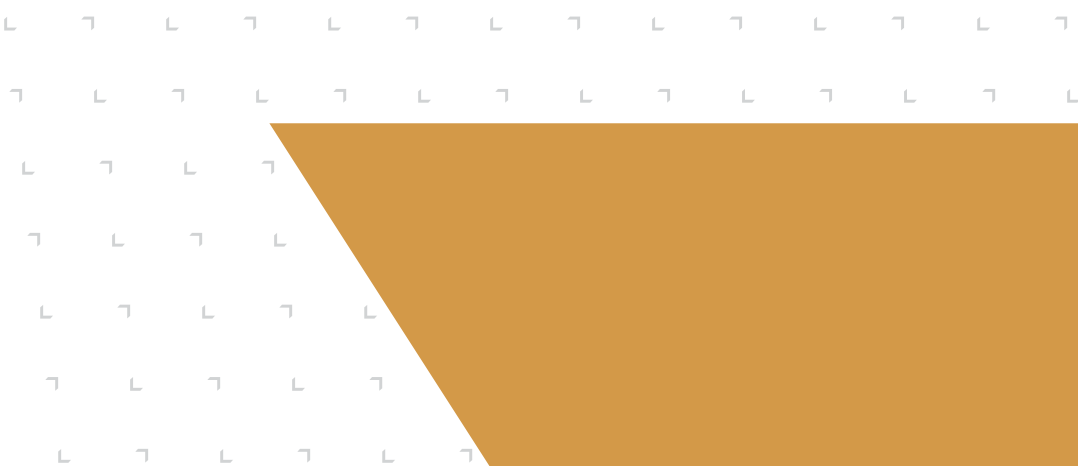
- examining management's methodology and economic model used to estimate the personal income tax revenues
- assessing the appropriateness and reasonability of the economic assumptions and data used to generate the personal income tax accrual
- verifying the mathematical accuracy of the model
- assessing management's processes to review and approve the model and assumptions
- assessing the appropriateness of the disclosures in the consolidated financial statements against the standards for disclosures required by PSAS

Context

The Canada Revenue Agency assesses and collects personal income tax for the province. The province's fiscal year ended March 31, 2024, spans two taxation years based on calendar years (2023 and 2024). As of March 31, 2024, complete and final assessment data for both taxation years is not yet available, so the province estimates personal income tax revenue for the fiscal year based on a model. The model incorporates the most recent finalized tax year's assessment data as well as economic assumptions to estimate personal income tax revenue for the fiscal year. The province's model includes key inputs and assumptions such as personal household income forecasts, tax elasticity of income, inflation, population estimates, and prior-year tax assessment data.

The personal income tax estimate is subject to measurement uncertainty due to the lack of finalized assessment data at the time of preparing the financial statements. Actual individual personal income, population growth estimates, and actual tax elasticity of income are also hard to predict precisely.

The province estimated and disclosed in Note 1 of the financial statements that there is uncertainty in the estimate of personal income tax revenue of plus or minus \$418 million, based on historical differences between the province's estimated and actual personal tax revenues.



Annual Summary of Ministry Audit Work



Introduction

The following pages provide details on our *Audit of the 2023-2024 Consolidated Financial Statement of the Province of Alberta*. This includes new recommendations or assessments of implementation of prior recommendations arising from this financial statement audit work.

We also summarize our performance audits and any subsequent assessment of implementation efforts since our last public report in December 2023. This includes our work at agencies, boards, and commissions such as schools, universities, colleges, and health entities such as Alberta Health Services; the Legislative Assembly, and offices of the legislature; and government business enterprises such as ATB Financial and the Alberta Petroleum Marketing Commission. We issued clean audit opinions on these regulated funds, agencies, boards, and commissions.

The following ministries have no outstanding matters to report and are not included in the following pages:

- Affordability and Utilities
- Arts, Culture and Status of Women
- Executive Council
- Immigration and Multiculturalism
- Justice
- Mental Health and Addiction
- Office of the Legislative Assembly and Officers of the Legislature
- Tourism and Sport

Advanced Education

In this report, we highlight that:

- the department has implemented a recommendation to improve their financial consolidation process—see below.
- Olds College has four new recommendations and one repeated recommendation related to the completion of their 2023 financial reporting¹⁷—page 32.

IMPLEMENTED Recommendation

Department

IMPLEMENTED Recommendation:
Improve the ministry financial consolidation process

Context

In 2023,¹⁸ we found that the ministry's consolidation and implementation of new accounting standards processes were incomplete and not consistently applied. Staff turnover resulted in a lack of understanding of changes in operations and accounting processes. We recommended that the ministry improve its financial consolidation processes to generate a clear, accurate, complete, and consistent view of financial performance for better-informed decisions, risk management, and continuous improvement.

Our current findings

The ministry has implemented our recommendation. Management has demonstrated a commitment to building sustainable and effective processes to produce clear, complete, accurate, and consistent financial information.

We found that management updated the consolidation working papers and procedures, and trained staff to ensure accuracy and consistent application of the consolidation processes. Management also provided appropriate oversight over accuracy and completeness of financial information and detailed supporting working papers resulting in no significant adjustments to the ministry financial information.

¹⁷ Report on Post-secondary Institutions 2023, Report of the Auditor General—March 2024, page 1.

¹⁸ Report of the Auditor General—December 2023, page 31.

Post-secondary Institutions

The following Olds College recommendations are from our 2023 audit of the college's financial statements. Management was still finalizing its 2023 financial reporting at the time of our *Report on Post-secondary Institutions 2023* in March 2024. As a result, we are including them in this report.

We repeat our recommendation that the college improve staff training and management oversight on preparing its annual consolidated financial statements. We also make four new recommendations to improve underlying operational processes related to a number of key areas in the college. These improvements will provide management with better operational information for daily decision making, planning and risk management. It will also provide college staff and management more accurate and complete information when preparing the college's financial reporting.

NEW Recommendation

Olds College

NEW Recommendation:
Improve process to record portfolio investments

We recommend that Olds College improve its process to record endowment and non-endowment investments.

Context

Olds College invests its operating, capital, and endowment funding to preserve capital, maximize investment returns, and meet restrictions and liquidity requirements.

The college must have a process to track, reconcile, and record portfolio investments and to allocate a portion to endowment assets. It requires management to track monthly investment activities and prepare monthly reconciliations including income and unrealized gains/losses. This ensures that the college's portfolio investments meet required funding conditions and investment objectives, and provide sufficient liquidity.

Our findings

Key findings

- The college does not accurately track, reconcile, and record all portfolio investment activities for endowment and non-endowment investments.

The college does not accurately track all its portfolio investment activities, resulting in not properly recording endowment and non-endowment investments. The college does not reconcile investment income and unrealized gains/losses, which should be done at least monthly. As a result, college management prepared draft financial statements with inaccurate and incomplete investment information. Management adjusted for all differences identified during the audit.

Consequences of not taking action

Without effective processes to track, reconcile and record portfolio investment activities, management and the board will lack accurate information on whether portfolio investments meet required funding conditions and investment objectives, and provide sufficient liquidity for the college's operations.

NEW Recommendation

Olds College

NEW Recommendation:
Improve process to account for conditional funding

We recommend that Olds College improve its process to record revenue from funding with conditions.

Context

The college regularly receives contributions and donations for a specific purpose and to be used within a certain time period. The college earns this funding and records revenue only when it meets the funder's conditions. If the college does not fully meet the conditions, it usually must return all or a portion of the funding.

To ensure grant funding is only recognized when conditions are met requires a process to monitor the annual activity for each individual grant agreement. This is often done by use of a detailed continuity schedule, listing each grant agreement, sometimes by funding year. Activities would include amounts received in advance during the year and amounts determined earned as revenue as conditions are met.

Our findings

Key findings

- The college does not monitor all conditional grant funding activities to determine what portion of the funding has been earned.

The college does not have a complete process to monitor grant activities of conditional grants. The college uses a grant continuity schedule, but critical activity information on amounts received during the year, transfers from other funds, and funding accruals are aggregated. Funding sources and grant timelines are also not recorded, resulting in management tracking some funding by project rather than by grant agreement. Finance staff had difficulty identifying the amount of revenue recognized for completed grant conditions. Revenue differences identified during the audit were adjusted for.

Consequences of not taking action

Without accurate and complete information to monitor activities related to conditional grants, the college may breach funding conditions requiring repayment back to funders. This may affect future contributions from those funders.

NEW Recommendation

Olds College

NEW Recommendation:
Regularly reconcile cash accounts and investigate differences promptly

We recommend that Olds College regularly reconcile cash accounts and investigate differences promptly.

Context

Regular reconciliation of cash accounts is a critical internal control procedure to detect errors and fraud. It ensures all authorized cash payments were processed, and deposited, in the college's bank accounts. The college must promptly investigate differences in accounting cash records with the bank to reveal the underlying reasons and the required corrections. The college's policy is to reconcile cash accounts monthly.

Our findings

Key findings

- The college does not promptly reconcile its cash accounts and investigate unreconciled differences.

The college is not consistently applying its policy to prepare monthly cash reconciliations as most were prepared after the year-end. The college identified unreconciled differences, some of which the underlying reasons have still not been determined. Reconciliations were also not promptly completed for cash balances it held on behalf of two joint ventures the college manages. This was complicated by the college not properly segregating the joint ventures' funds from its own cash accounts.

Consequences of not taking action

Without monthly reconciliations and prompt investigation of differences identified, the college faces higher risk of inappropriate and unauthorized use of its cash. Management may also make improper decisions based on inaccurate cash data.

NEW Recommendation

Olds College

NEW Recommendation:
Regularly monitor the condition of tangible capital assets

We recommend that Olds College implement a process to monitor the condition and remaining useful life of tangible capital assets.

Context

Regular assessment of tangible capital assets' condition is important to short- and long- term asset management planning. This is often done by periodically estimating the remaining useful life to determine when to replace an asset and guide capital maintenance decisions on the timing and extent of major repairs. Accounting standards require a regular assessment of the condition and useful life of tangible capital assets.

Our findings

Key findings

- The college does not regularly monitor the condition of its tangible capital assets.

Management does not have a process to regularly monitor the condition of its tangible capital assets and update estimates of their remaining useful life. Capital planning decisions are done ad hoc rather than based on documented analysis of asset's estimated remaining life. The analysis also impacts management's estimate of tangible capital asset annual amortization. Useful life analysis done on select buildings during the year were not used in management's estimation of amortization expense. Management adjusted for the error during the audit.

Consequences of not taking action

Management will not be able to make appropriate short- and long-term capital planning and maintenance decisions without current information on the condition and expected useful remaining life of its tangible capital assets.

REPEATED Recommendation

Olds College

REPEATED Recommendation:
Improve financial reporting processes

We again recommend that Olds College improve its financial reporting processes to:

- provide sufficient update training to staff on public sector accounting standards
- ensure proper management oversight of the preparation of consolidated financial statements

Context

In 2021,¹⁹ we recommended that Olds College improve its financial reporting processes by providing sufficient training to staff on public sector accounting standards and ensure proper management oversight over the preparation of the consolidated financial statements. We found management was not consistently following its financial reporting processes when preparing its fiscal 2020 financial statements, resulting in numerous accounting differences requiring adjustment.

We repeat this recommendation because Olds College has still not implemented adequate staff training and oversight procedures on preparing its financial statements.

¹⁹ Report on Post-secondary Institutions 2020—March 2021, page 10.

Our current findings

Key findings

- Training on financial reporting accounting standards to all financial staff is incomplete due to staff turnover.
- Management does not review financial statements and supporting financial information for accuracy and completeness.

The college has had significant turnover in its finance group annually since 2020. Not all current finance staff have received complete training on the college's financial reporting processes. Analysis and conclusions of certain accounting matters are not comprehensive, do not apply relevant accounting standards, and lack supporting documentation. Numerous adjustments were required annually on the draft financial reporting for years following our recommendation.

Oversight processes are not identifying unreconciled accounts, errors in supporting analysis, or errors and missing disclosures in the consolidated financial statements annually since our recommendation. Processes to promptly prepare accurate and complete financial reporting throughout the fiscal year must include sufficient time for senior management to review and approve the analysis and conclusions that management and the board will rely on in making decisions.

Consequences of not taking action

Without effective financial reporting processes there is a higher risk of financial reporting errors.

Status of recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations					Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Repeated	Implemented	Changed Circumstance
5	13	18	5	13	8	10	2	3	0

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations	
	Department	PSIs
• Annual Summary of Ministry Audit Work—November 2024 › Olds College: Improve process to record portfolio investments › Olds College: Improve process to account for conditional funding › Olds College: Regularly reconcile cash accounts and investigate differences promptly › Olds College: Regularly monitor the condition of tangible capital assets › Olds College: Improve financial reporting processes (originally March 2021, repeated November 2024)	0	5
• Report on Post-secondary Institutions—March 2024 › University of Calgary: Improve user access controls over terminated employees	0	1
• For-profit and Cost Recovery Ventures at Post-secondary Institutions Assessment of Implementation—March 2024 › Improve department's oversight of institution's risk assessment of ventures (originally October 2015; repeated March 2024)	1	0
• Report on Post-secondary Institutions—March 2023 › Lakeland College: Develop, formalize, and document risk management processes related to cloud computing services › Lakeland College: Monitor cloud service provider controls and ensure end-user controls are effective › Northwestern Polytechnic: Improve consistent application of procurement and contracting processes › Northwestern Polytechnic: Improve internal controls over information technology environment (originally December 2019; repeated March 2023)	0	4
• Report on Post-secondary Institutions—February 2022 › Lakeland College: Improve user access controls	0	1
• Report of the Auditor General—November 2021 › Allowance for Uncollectible Student Loans: Improve process to estimate the allowance for uncollectible student loans	1	0

Report Title	Number of Recommendations	
	Department	PSIs
• Report on Post-secondary Institutions—December 2019 › Alberta University of the Arts: Implement processes for testing and monitoring the effectiveness of internal controls › Medicine Hat College: Implement processes for testing and monitoring the effectiveness of internal controls › Olds College: Implement processes for testing and monitoring the effectiveness of internal controls	0	3
• Collaborative Initiatives Among Post-secondary Institutions—October 2017 › Develop strategic plan and accountability framework (originally July 2013; repeated October 2017) › Develop processes and guidance to plan, implement and govern collaborative projects (originally July 2013; repeated October 2017)	2	0
Total	4	14

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
OLDS COLLEGE Annual Summary of Ministry Audit Work—November 2024: Improve process to record portfolio investments We recommend that Olds College improve its process to record endowment and non-endowment investments. Consequences of not taking action: Without effective processes to track, reconcile and record portfolio investment activities, management and the board will lack accurate information on whether portfolio investments meet required funding conditions and investment objectives, and provide sufficient liquidity for the college’s operations.	November 2024, p. 32	New

Recommendation	When	Status
OLDS COLLEGE Annual Summary of Ministry Audit Work—November 2024: Improve process to account for conditional funding We recommend that Olds College improve its process to record revenue from funding with conditions. Consequences of not taking action: Without accurate and complete information to monitor activities related to conditional grants, the college may breach funding conditions requiring repayment back to funders. This may affect future contributions from those funders.	November 2024, p. 33	New
OLDS COLLEGE Annual Summary of Ministry Audit Work—November 2024: Regularly reconcile cash accounts and investigate differences promptly We recommend that Olds College regularly reconcile cash accounts and investigate differences promptly. Consequences of not taking action: Without monthly reconciliations and prompt investigation of differences identified, the college faces higher risk of inappropriate and unauthorized use of its cash. Management may also make improper decisions based on inaccurate cash data.	November 2024, p. 34	New
OLDS COLLEGE Annual Summary of Ministry Audit Work—November 2024: Regularly monitor the conditional of tangible capital assets We recommend that Olds College implement a process to monitor the condition and remaining useful life of tangible capital assets. Consequences of not taking action: Management will not be able to make appropriate short- and long-term capital planning and maintenance decisions without current information on the condition and expected useful remaining life of its tangible capital assets.	November 2024, p. 34	New

Recommendation	When	Status
OLDS COLLEGE Annual Summary of Ministry Audit Work—November 2024: Improve financial reporting processes We again recommend that Olds College improve its financial reporting processes to: • provide sufficient update training to staff on public sector accounting standards • ensure proper management oversight of the preparation of consolidated financial statements Consequences of not taking action: Without effective financial reporting processes there is a higher risk of financial reporting errors.	Repeated November 2024, p. 35 > Originally reported March 2021, p. 10	Not Ready for Assessment
UNIVERSITY OF CALGARY Report on Post-secondary Institutions: Improve user access controls over terminated employees We recommend that the University of Calgary improve its network access controls over terminated employees. Consequences of not taking action: Unless management promptly removes terminated employees' network access, the university risks unauthorized access to its systems.	March 2024, p. 8	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT For-profit and Cost Recovery Ventures at Post-secondary Institutions Assessment of Implementation: Improve department's oversight of institutions' risk assessment of ventures We again recommend that the Department of Advanced Education improve its oversight processes to ensure that boards of governors oversee management's assessment of the risks associated with for-profit and cost recovery ventures by: - tailoring board training to examine these ventures - requiring institutions to comply with the department's expectations and guidelines - requiring institutions to report on venture results on an ongoing basis - providing effective feedback and ongoing guidance to the boards Consequences of not taking action: Without effective department oversight of whether a board is overseeing that its institution's management has appropriate policies and controls to mitigate risks on ventures, there is an increased likelihood of unjustifiable exposure and cost to Albertans.	Repeated March 2024, p. 3 > Originally reported October 2015, no. 2, p. 27	Not Ready for Assessment
LAKELAND COLLEGE Report on Post-secondary Institutions: Develop, formalize, and document risk management processes related to cloud computing services We recommend that Lakeland College develop, formalize, and document its risk management processes related to cloud computing services. Consequences of not taking action: The college exposes itself to the risk of data loss, privacy breach and business interruption if risks related to cloud computing services are not managed effectively.	March 2023, p. 7	Not Ready for Assessment

Recommendation	When	Status
LAKELAND COLLEGE Report on Post-secondary Institutions: Monitor cloud service provider controls and ensure end-user controls are effective We recommend that Lakeland College regularly monitor the effectiveness of the controls of its cloud service providers and its own end-user controls. Consequences of not taking action: Corporate data will not be appropriately managed and protected without regular monitoring of cloud service providers and end-user controls.	March 2023, p. 8	Not Ready for Assessment
NORTHWESTERN POLYTECHNIC Report on Post-secondary Institutions: Improve consistent application of procurement and contracting processes We recommend that Northwestern Polytechnic (NWP) consistently apply its procurement and contracting policy and processes. Consequences of not taking action: Without consistently following its procurement policy, NWP will not be able to demonstrate that its procurement practices are fair and equitable and do not lead to inappropriate, biased, and uncompetitive procurement practices.	March 2023, p. 9	Ready for Assessment
NORTHWESTERN POLYTECHNIC Report on Post-secondary Institutions: Improve internal controls over information technology environment We again recommend that Northwestern Polytechnic consistently enforce its IT policies, which set out internal controls to protect its IT systems, applications and data. Consequences of not taking action: NWP may not be able to deliver essential services and programs promptly in a disaster. In addition, NWP may not be able to effectively safeguard its IT systems, application and data against unauthorized access and disclosure of its sensitive data.	Repeated March 2023, p. 10 > Originally reported December 2019, p. 9	Ready for Assessment

Recommendation	When	Status
LAKELAND COLLEGE Report on Post-secondary Institutions: Improve user access controls We recommend that Lakeland College improve its process to promptly remove terminated employees' access to its network and Enterprise Resource Planning system. Consequences of not taking action: Without effective user access controls, the college is at risk of unauthorized access to its confidential data, which could lead to data corruption, inappropriate modification, or disclosure.	February 2022, p. 7	Ready for Assessment
DEPARTMENT Allowance for Uncollectible Student Loans: Improve process to estimate the allowance for uncollectible student loans We recommend that the Department of Advanced Education improve its process to estimate the allowance for uncollectible student loans. Consequences of not taking action: Without an effective process to determine the student loan allowance, the department cannot reasonably estimate the government's true costs of providing student loans and inform future adjustments to its student loan policies.	November 2021, p. 40	Not Ready for Assessment
ALBERTA UNIVERSITY OF THE ARTS Report on Post-secondary Institutions: Implement processes for testing and monitoring the effectiveness of internal controls We recommend that Alberta University of the Arts test and monitor the effectiveness of its internal controls to ensure key risks are mitigated. Consequences of not taking action: Without effective internal controls, institutions increase exposure to financial errors, financial loss, and reputational damage. The Board of Governors may not get the information from management it requires to exercise proper oversight.	December 2019, p. 7	Ready for Assessment

Recommendation	When	Status
MEDICINE HAT COLLEGE Report on Post-secondary Institutions: Implement processes for testing and monitoring the effectiveness of internal controls We recommend that Medicine Hat College test and monitor the effectiveness of its internal controls to ensure key risks are mitigated. Consequences of not taking action: Without effective internal controls, institutions increase exposure to financial errors, financial loss, and reputational damage. The Board of Governors may not get the information from management it requires to exercise proper oversight.	December 2019, p. 7	Ready for Assessment
OLDS COLLEGE Report on Post-secondary Institutions: Implement processes for testing and monitoring the effectiveness of internal controls We recommend that Olds College test and monitor the effectiveness of its internal controls to ensure key risks are mitigated. Consequences of not taking action: Without effective internal controls, institutions increase exposure to financial errors, financial loss, and reputational damage. The Board of Governors may not get the information from management it requires to exercise proper oversight.	December 2019, p. 7	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Collaborative Initiatives Among Post-secondary Institutions: Develop strategic plan and accountability framework We again recommend that the Department of Advanced Education, working with institutions: • develop and communicate a strategic plan that clearly defines the minister's expected outcomes for Campus Alberta, initiatives to achieve those outcomes, the resources required, and sources of funding • develop relevant performance measures and targets to assess if the outcomes are being achieved • publicly report results and the costs associated with collaborative initiatives • review and clarify the accountability structure for governing collaborative initiatives Consequences of not taking action: Without a strategic plan and accountability framework, there is a high risk that the department will not achieve its collaborative initiative goals cost effectively—or at all.	Repeated October 2017, Performance Auditing, p. 37 > Originally reported July 2013, no. 6, p. 48	Not Ready for Assessment
DEPARTMENT Collaborative Initiatives Among Post-secondary Institutions: Develop processes and guidance to plan, implement and govern collaborative projects We again recommend that the Department of Advanced Education, working with institutions, develop systems and guidance for institutions to follow effective project management processes for collaborative initiatives. Consequences of not taking action: Ineffective project management systems increase the risk that the department and institutions will not complete collaborative initiatives on time, on scope, within budget and with desired results.	Repeated October 2017, Performance Auditing, p. 40 > Originally reported July 2013, no. 7, p. 51	Not Ready for Assessment

Agriculture and Irrigation

In this report, there is one new recommendation to the department—see below.

NEW Recommendation

Department

NEW Recommendation:
Improve financial information preparation and reporting processes

We recommend that the Department of Agriculture and Irrigation improve its processes to ensure the timeliness and quality of financial information preparation and reporting.

Context

The Department of Agriculture and Irrigation (the department) is responsible for preparing timely and accurate ministry financial information to be included in the Province of Alberta's Consolidated Financial Statements. The information must comply with Canadian Public Sector Accounting Standards. It also provides crucial data to management to support results analyses of their performance and reliable information for decision-making.

Effective processes to prepare financial information help ensure timely reporting that is complete and reliable. These processes include preparing financial information and supporting working papers that are accurate and consistent with public sector accounting standards, and reviewing financial information to detect errors, omissions, and other important matters.

Proper analysis of new and emerging accounting matters is also necessary to ensure the financial information is complete, accurate, and reliable. Complex matters may involve multiple transactions or situations with unique facts, covered by several accounting handbook sections. The department needs to consider all these factors to ensure the appropriate accounting treatment.

Our findings

Key findings

- The financial information and supporting documentation prepared by the department was not timely.
- The quality of the department's supporting information and analysis of certain accounting matters needs improvement.
- Staffing challenges were a contributing factor to the reporting process deficiencies.

Timeliness of financial information

The department did not complete and provide the required financial information by both the government's internal and agreed upon timelines with our office. This caused delays in providing correct and appropriate ministry financial information for the Province's Consolidated Financial Statements. Support for certain key audit issues was provided to our office months after our original request date.

Quality of supporting information

The department's analysis of, and conclusions on, certain accounting matters were not comprehensive. Processes to ensure that the accounting treatment was appropriate did not operate as intended. Certain supporting working papers did not sufficiently consider or apply the applicable public sector accounting standards and lacked supporting documentation. For example, the department did not complete a site-by-site assessment for environmental liabilities based on the various applicable accounting standards. Nor did it assess the treatment of dam and water-management-structure repair obligations on a case-by-case basis, based on accounting standards.

Staffing challenges

The department has been significantly restructured over the last several years. Some of the financial reporting team now prepare financial information for two ministries, following the fall 2022 reorganization. This was a contributing factor to the process deficiencies.

Consequences of not taking action

Without effective and sustainable financial reporting processes, management may not have reliable financial information to base their decisions on, the risk of inaccurate and late financial information being supplied to users is substantially increased, and there is a higher risk of financial reporting errors.

Status of recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations				Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Implemented	Changed Circumstance
1	2	3	2	1	0	3	0	0

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations	
	Department	AFSC
Annual Summary of Ministry Audit Work—November 2024 - Improve financial information preparation and reporting processes	1	0
Report of the Auditor General—December 2023 - Agriculture Financial Services Corporation: Improve process to ensure compliance with AgrilInsurance policies and procedures	0	1
Report of the Auditor General—November 2021 - Agriculture Financial Services Corporation: Cloud Computing Risk Management Process: Develop a process to manage the risks of using cloud computing	0	1
Total	1	2

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
DEPARTMENT Annual Summary of Ministry Audit Work—November 2024: Improve financial information preparation and reporting processes We recommend that the Department of Agriculture and Irrigation improve its processes to ensure the timeliness and quality of financial information preparation and reporting. Consequences of not taking action: Without effective and sustainable financial reporting processes, management may not have reliable financial information to base their decisions on, the risk of inaccurate and late financial information being supplied to users is substantially increased, and there is a higher risk of financial reporting errors.	November 2024, p. 47	New
AGRICULTURE FINANCIAL SERVICES CORPORATION Report of the Auditor General—December 2023: Improve process to ensure compliance with AgrilInsurance policies and procedures We recommend that Agriculture Financial Services Corporation improve its process to ensure policies and procedures set out in AgrilInsurance manuals, guidelines, and authorities are adhered to. Consequences of not taking action: Non-compliance with policies, procedures, and authorities could result in invalid, incomplete, and inaccurate insurance payments or legislative non-compliance. Not completing required procedures may expose AFSC to challenges during future processing of claims and potential disputes with clients.	December 2023, p. 41	Ready for Assessment
AGRICULTURE FINANCIAL SERVICES CORPORATION Cloud Computing Risk Management Process: Develop a process to manage the risks of using cloud computing We recommend that the Agriculture Financial Services Corporation: • develop a process to ensure compliance with its cloud security policy • implement complementary user entity controls • provide regular reporting on cloud computing risks to the board Consequences of not taking action: Without effective risk management and oversight processes related to the use of cloud computing, AFSC exposes itself to data loss, privacy breach and business interruption that threaten the organization's ability to deliver effective and efficient services to Albertans.	November 2021, p. 49	Ready for Assessment

Children and Family Services

In this report, there is a repeated recommendation to the department—see below.

REPEATED Recommendation

Department

REPEATED Recommendation:
Improve user access controls for all its information systems

We again recommend that the Department of Children and Family Services improve access control processes for all its information systems to ensure:

- user access to application systems and data is properly authorized
- user access is disabled promptly when employees leave their employment or role

Context

In our November 2020 report,²⁰ we repeated our original recommendation from our October 2014 report,²¹ that the department improve access control processes for all its information systems.

System access controls are a cornerstone of data security. They ensure only authorized employees have access to systems, thereby protecting the integrity of the systems and applications including the data within. Effective access controls typically include procedures such as formal access and removal requests, timely access removal upon employee termination, periodic access monitoring by management, and appropriate segregation of duties.

Access to the Government of Alberta domain is required as a first line of defense for many systems and applications. Then departments mostly grant access to their systems with a second level of access. It is prudent to ensure both access levels are removed for terminated and transferred employees in a timely manner to mitigate the risk of unauthorized access. This risk is even higher when access to department systems is not terminated for individuals who are transferred within or between government departments because they maintain their overall government domain access.

Having active accounts for terminated or transferred employees also demonstrates that management may not be regularly reviewing who has what access to their systems and applications.

²⁰ *Report of the Auditor General—November 2020*, page 51.

²¹ *Report of the Auditor General—October 2014*, no. 18, page 151.

Our current findings

Key findings

- The department did not remove terminated employees’ access to IT applications promptly

We audited the department’s processes to manage its user access controls for its network and its IT applications that we deemed significant for financial reporting purposes.

We are repeating this recommendation because we continue to find user access exceptions.

Consequences of not taking action

Unauthorized individuals may access the department’s systems and be able to use or change critical personal, business, and financial information. This could result in privacy breaches for the department or create opportunities for identity theft. If information in the financial systems was manipulated, this could impair the integrity of the department’s financial reporting and results.

Status of recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations					Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Repeated	Implemented	Changed Circumstance
0	4	4	3	1	4	0	1	0	0

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations
• Annual Summary of Ministry Audit Work—November 2024 › Improve user access controls for all its information systems (originally October 2014; repeated November 2020, repeated November 2024)	1
• Systems to Deliver Child and Family Services to Indigenous Children in Alberta—July 2016 › Enhance early support services › Ensure a child-centred approach › Strengthen intercultural understanding	3
Total	4

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
DEPARTMENT Annual Summary of Ministry Audit Work—November 2024: Improve user access controls for all its information systems We again recommend that the Department of Children and Family Services improve access control processes for all its information systems to ensure: • user access to application systems and data is properly authorized • user access is disabled promptly when employees leave their employment or role Consequences of not taking action: Unauthorized individuals may access the department's systems and be able to use or change critical personal, business, and financial information. This could result in privacy breaches for the department or create opportunities for identity theft. If information in the financial systems was manipulated, this could impair the integrity of the department's financial reporting and results.	Repeated November 2024, p. 51 › Repeated November 2020, p. 51 › Originally reported October 2014, no. 18, p. 151	Not Ready for Assessment
DEPARTMENT Systems to Deliver Child and Family Services to Indigenous Children in Alberta: Enhance early support services We recommend that the Department of Children and Family Services: • enhance its processes so that they include the needs of Indigenous children and families in the design and delivery of its early support services • report to the public regularly on the effectiveness of early support services Consequences of not taking action: Early supports are valuable in keeping children safely with their families and communities and not in need of intervention services. Without this programming, this opportunity is lost. The consequences for indigenous children and families can be significant.	July 2016, no. 1, p. 13	Ready for Assessment

Recommendation	When	Status
DEPARTMENT Systems to Deliver Child and Family Services to Indigenous Children in Alberta: Ensure a child-centred approach We recommend that the Department of Children and Family Services improve its systems to: - ensure the care plan for each Indigenous child requiring intervention services is adhered to and meets the standards of care the department sets for all children in Alberta - analyze the results of services to Indigenous children and report to the public regularly on its progress in achieving planned results Consequences of not taking action: The department is responsible for safeguarding and enhancing the well-being of all children in the province. If the department fails to develop systems to ensure Indigenous children receive the care they require, Indigenous children will continue to be disadvantaged.	July 2016, no. 2, p. 17	Ready for Assessment
DEPARTMENT Systems to Deliver Child and Family Services to Indigenous Children in Alberta: Strengthen intercultural understanding We recommend that the Department of Children and Family Services continue to enhance its staff training of the history and culture of Indigenous peoples, as well as its training of intercultural understanding. The department should seek the expertise of Indigenous leaders and communities when developing the training. Consequences of not taking action: Understanding Indigenous world views is a vital first step in developing respectful, productive relationships with Indigenous communities. Relationships and the decisions they support impact every individual in the organization and the children they serve, every day.	July 2016, no. 3, p. 24	Ready for Assessment

Education

In this report, there are no new recommendations to the department and the Alberta School Foundation Fund.

We are currently performing an assessment of implementation on recommendations made in 2015 to the department and Northland School Division on systems to improve student attendance. We will report the results of our assessment in a future report.

Alberta School Jurisdictions' Financial Audits Summary

In accordance with Section 19(4) of the *Auditor General Act*, we have compiled a summary of the results of school jurisdictions' audited fiscal 2023 financial statements and recommendations from their auditors—page 59.

Status of recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations				Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Implemented	Changed Circumstance
0	3	3	3	0	3	0	0	0

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations	
	Department	NSD
• Systems to Improve Student Attendance in Northland School Division—March 2015 (progress report February 2018) › Northland School Division: Develop a plan to improve student attendance › Department: Oversight by the department › Northland School Division: Monitor and enforce student attendance	1	2
Total	1	2

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
NORTHLAND SCHOOL DIVISION Systems to Improve Student Attendance in Northland School Division: Develop a plan to improve student attendance We recommend that Northland School Division develop an operational plan with short- and long-term targets to improve student attendance. The operational plan should include: • measurable results and responsibilities • a prioritized list of student-centered strategies, initiatives, and programs • documentation of the costs and resources required to action the strategies, initiatives, and programs • a specific timeline for implementation • reporting on progress and accountability for improved attendance results Consequences of not taking action: Without a specific plan to improve attendance, the division is less likely to put resources into the most critical areas to implement programs and processes to optimize student success.	March 2015, no. 1, p. 23	Ready for Assessment
DEPARTMENT Systems to Improve Student Attendance in Northland School Division: Oversight by the department We recommend that the Department of Education exercise oversight of Northland School Division by ensuring: • the division develops and executes an operational plan to improve student attendance • the operational plan identifies the resources needed and how results will be measured, reported, and analyzed Consequences of not taking action: Without appropriate oversight by the department, the division's likelihood of success is reduced and the risk of failing another generation of the division's children increases.	March 2015, no. 2, p. 23	Ready for Assessment

Recommendation	When	Status
NORTHLAND SCHOOL DIVISION Systems to Improve Student Attendance in Northland School Division: Monitor and enforce student attendance We recommend that Northland School Division improve its guidance and procedures for schools to: - consistently record and monitor student attendance - benchmark acceptable attendance levels - manage and follow up on non-attendance Consequences of not taking action: Without systematic monitoring and reporting on attendance, the division will not consistently identify and support those students with chronic non-attendance.	March 2015, no. 3, p. 30	Ready for Assessment

Summary of 2023 Financial Audit Results of School Jurisdictions in Alberta

Education

Report of the Auditor General
November 2024



**Auditor
General**
OF ALBERTA

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Related Reports:

- [Education: Summary of school jurisdictions audit results](#)—December 2023
- [Education: Summary of school jurisdictions audit results](#)—November 2022
- [Education: Summary of school jurisdictions audit results](#)—November 2021
- [Education: Summary of school jurisdictions audit results](#)—November 2020
- [Education: Summary of school jurisdictions audit results](#)—November 2019

Appointed under Alberta's *Auditor General Act*, the Auditor General is the legislated auditor of the *Consolidated Financial Statements of the Province of Alberta* 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 properly accounted for and provides value.

About This Report

This report summarizes the *results of examinations* of audits performed by the independent auditors of all school jurisdictions in Alberta, as required under Section 19(4) of the *Alberta Auditor General Act*.

Section 19(4) of the *Alberta Auditor General Act* requires the Auditor General to report, each fiscal year to the Legislative Assembly, the *results of examinations* by the auditor of a regional authority. The *Act* defines a regional authority to include “a board under the *Education Act*.”²² *Results of examinations* include information on the audit opinion issued on the financial statements of each school jurisdiction and the results of the audit reported to management and those charged with governance of the jurisdiction, including recommendations for process improvements.

The Auditor General is not the financial statement auditor of individual school jurisdictions in Alberta; however, the financial results of each school jurisdiction are included in the consolidated financial reporting of the Ministry of Education, the legislated auditor of which is the Auditor General. The Auditor General does have the mandate to perform performance audits directly on school jurisdictions.

In Alberta, each school jurisdiction is responsible for hiring an external auditor²³ to examine their annual financial statements. Under Section 139 of the *Education Act*, school jurisdictions are required to provide to the Department of Education, by November 30 each year, their audited financial statements, auditors’ reports, and management letters detailing recommendations made by their auditor to management.

This report includes a Summary of Findings of our annual review of the audit reports on all school jurisdictions, including:

- the number of modified audit opinions issued to school jurisdictions
- the number and type of recommendations issued to school jurisdictions

The purpose of our summary of recommendations made to school jurisdictions is to identify trends across the sector, and it is not intended to provide an assurance opinion on the work of the school jurisdictions’ auditor.

Users of this summary should keep in mind that the school jurisdictions’ auditor did not design their audit to assess all key control and accountability systems. However, when auditing the financial statements, the auditor reports to management and the board of trustees any control weaknesses that come to their attention and any recommendations for improvement.

The department and school jurisdictions can use information on recommendations to work together to rectify identified common control weaknesses. Management of individual school jurisdictions can also use this information to proactively consider the sustainability of their jurisdictions’ control environment.

We do not identify the school jurisdictions associated with specific recommendations, as this information is not necessary for the department and school jurisdictions to achieve their desired outcome—establishing sector-wide strong, sustainable internal controls for financial reporting.

There are 78 school jurisdictions in Alberta not including private schools, comprised of 17 charter schools and 61 school boards.²⁴ All school jurisdictions have a common fiscal year end date of August 31. As a result, this report summarizes the results of examination of school jurisdictions’ audits for fiscal 2023, with comparative information for the two fiscal years prior.

Detailed financial information for the school jurisdictions can be found in the [Education Annual Report 2023–2024](#), pages 120–171.

²² Throughout this report, we refer to the “board” or “regional authority” as a school jurisdiction. Private schools are not classified as a school jurisdiction as they are not controlled by government, and thus not consolidated into the financial results of the Ministry of Education.

²³ *Education Act*, Section 138.

²⁴ The composition for 2022 was 76 (2021—74) school jurisdictions comprising of 61 (2021—61) school boards and 15 (2021—13) chartered schools.

Summary of Findings

Financial Statement Audit Opinions

Two school jurisdictions received a qualified²⁵ auditor's opinion on their fiscal 2023 financial statements (2022 and 2021—one jurisdiction).

The two school jurisdictions received a qualified auditor's opinion because their accrued liabilities were understated due to exceeding the provincially mandated reserve cap, without an approved exemption. Neither jurisdiction received a qualified opinion in prior years.

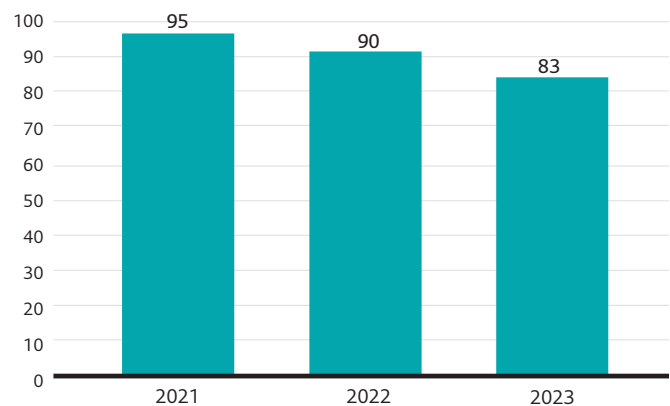
The audit for one jurisdiction has not been completed at the time of this report. In the two prior years, the auditor for this jurisdiction issued a qualified opinion as they were unable to verify the completeness of gifts, donations, and fundraising revenue.

Recommendations by External Auditors

Fewer overall recommendations

Eighty-three recommendations were issued to school jurisdictions, a decrease from the number issued in prior years (2022—90; 2021—95).

Total Number of Recommendations



Some jurisdictions saw a spike in recommendations in 2021 due to high turnover of key staff and a lack of adequate documentation and understanding of required processes and controls. Since then, these jurisdictions have been progressively improving their financial reporting and internal control processes by resolving their staffing problems.

The total number of recommendations made to jurisdictions is less than half of the number a decade ago. Of the 32 school jurisdictions with a recommendation in 2023, most received one or two recommendations.

²⁵ A qualified audit opinion is one where the auditor assesses the financial statements are prepared fairly in accordance with accounting standards, with exception to a particular area.

Characteristics of the recommendations

Seven of 15 process areas reported on by auditors had fewer recommendations made than in 2022. These include processes related to the treatment of accounting issues, review and approval of financial information, GST, payroll, segregation of duties, and change management of information technology. School jurisdictions made the most improvement in recording and monitoring capital assets.

Four process areas have more recommendations than in 2022. These include processes related to personnel, cash management, and purchasing. Recommendations made on implementing, updating, and following policies and procedures doubled from those made in 2022.

Seventy-two per cent of all outstanding recommendations are on processes related to the treatment of accounting issues, review and approval of financial information, cash management, tangible capital assets, policies and procedures, and purchasing, similar to 2022 (65 per cent in those areas).

Auditors repeated 26 recommendations among 21 jurisdictions, a slight increase from the 25 repeated in 2022. Fifty-eight per cent of all repeated recommendations are on processes related to the review and approval of financial information, cash management, tangible capital assets, and school-generated funds.

The largest number of jurisdictions to receive a recommendation in any one area was 11 out of 78 school jurisdictions, an increase from eight in 2022 and nine in 2021. As a result, auditors assessed at least 86 per cent of school jurisdictions have adequate controls in each of the specific process areas.

Auditors for 46 school jurisdictions did not report any findings and recommendations to management (2022 and 2021—44).

We encourage all school jurisdiction trustees to hold management of their respective jurisdictions accountable for implementing all process recommendations identified. The department contacts jurisdictions, where necessary, to encourage them to resolve control weaknesses identified in the management letters, particularly recommendations repeated from prior years.

Summary table of recommendations

The table that follows summarizes audit findings and recommendations reported to school jurisdictions for fiscal years ended August 31, 2023, and August 31, 2022.

The findings are grouped into three categories:

- financial reporting and oversight
- internal control weaknesses
- information technology management

Summary of Recommendations



fewer recommendations



more recommendations

Financial reporting and oversight recommendations

TREND

Number of jurisdictions
(repeated from prior year)

Recommendations made
(repeated from prior year)

2023 2022 2023 2022



Accounting issues—improve accounting treatment in areas including capitalization of expenses, liability recognition, revenue recognition, and leases.

5(1) 7(2) 9(2) 12(3)



Board information—improve board receipt of timely financial information to maintain and strengthen overall stewardship.

0(0) 1(0) 0(0) 1(0)

Review of financial information—improve the review and approval of financial information such as bank reconciliations, journal entries, monthly financial statements, and variances between budget and actual expenditures.

6(2) 7(3) 11(3) 11(3)

Timeliness of recording financial information—improve accurate recording of accounting transactions for capital assets and capital grant expenditures, accruals and receivables, and prompt preparation of financial statements.

2(1) 2(0) 2(1) 2(0)



Personnel and staff shortages—improve succession plans or cross-training for key financial positions or review the allocation of staff resources in the accounting function.

1(0) 0(0) 1(0) 0(0)

Internal control weaknesses recommendations

TREND

		Number of jurisdictions (repeated from prior year)		Recommendations made (repeated from prior year)	
		2023	2022	2023	2022
	Cash management —improve cash management processes and controls.	7(4)	7(4)	10(5)	9(5)
	Capital assets —improve the recording and monitoring of capital assets.	7(3)	8(3)	10(4)	15(4)
	Goods and services tax —improve their processes for charging the appropriate amount of GST and for recording accurately the amount of GST paid and recoverable.	0(0)	3(0)	0(0)	3(0)
	Payroll —improve controls over the administration of employee payroll information, processing of expense claims, application of vacation pay policies, and regular reviews of payroll expenses.	4(1)	6(0)	4(1)	7(0)
	Policies and procedures —implement, update, or follow formal procedures and policies.	11(2)	4(1)	11(2)	5(1)
	Purchases —improve controls over the purchase cycle, such as review and authorization processes over purchases and payments, employee sign-off for goods received, and retention of supporting documentation.	4(1)	5(2)	9(2)	7(3)
	Segregation of duties —improve segregation of duties over authorization and recording of transactions or custody of and accounting for certain assets.	6(2)	7(1)	6(2)	7(1)
	School-generated funds —improve the processes used to collect, record, spend, and report school-generated funds.	5(3)	7(2)	7(3)	7(2)

Information technology management recommendations

TREND

		Number of jurisdictions (repeated from prior year)		Recommendations made (repeated from prior year)	
		2023	2022	2023	2022
Computer security —improve computer-security processes by having unique individual usernames and passwords, implementing a mandatory password change policy, having user access restricted for the appropriate information, and backing up data at an offsite location.		1(0)	2(2)	2(0)	2(2)
	Change management —implement or enhance formal documented policies and procedures for managing and testing changes to system and network software or hardware.	1(1)	1(1)	1(1)	2(1)

Energy and Minerals

In this report, there are no new audit findings.

Status of recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations				Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Implemented	Changed Circumstance
0	10	10	0	10	0	10	0	0

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations	
	Department	AER
Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure—March 2023 Alberta Energy Regulator: - Improve liability management risk management processes - Improve performance measurement and reporting - Improve processes to assess information from OWA - Monitor, enforce, and report on the Inventory Reduction Program - Determine how much security is necessary and how it will be collected - Improve licence transfer application processes - Improve compliance and assurance processes for suspended and abandoned wells - Improve reclamation certification controls - Improve oversight of remediation action plans	0	9
Process to Provide Information About Government's Environmental Liabilities—June 2021 - Alberta Energy Regulator: Complete case-by-case assessments of sites	0	1
Total	0	10

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Improve liability management risk management processes We recommend that the Alberta Energy Regulator ensure that liability management risks and gaps are periodically identified, that risk responses are documented, and residual risk is determined. Consequences of not taking action: AER's risk management processes are an important part of the liability management system, as they can help identify gaps in the system and where risk mitigation is not working as intended. Further, the likelihood and impact of liability management risks can change over time, and the ability to proactively respond with the right actions requires an effective risk management system.	March 2023, p. 22	Not Ready for Assessment
ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Improve performance measurement and reporting We recommend that the Alberta Energy Regulator improve its accountability processes by: • developing relevant external performance measures, including targets, to ensure that Albertans can gauge whether AER's liability management programs are meeting objectives and whether progress is being made • periodically updating and publicly communicating an industry-wide active and inactive liability estimate using best available data, with accompanying explanation of the risks associated with that liability • reporting more complete, integrated and useful information on liability management to provide a more complete picture of risks and the actions taken to mitigate those risks Consequences of not taking action: Without specific goals, targets, and performance measurement, it is very difficult for Albertans to hold industry, AER and government, accountable for liability management. Whether or not liability management activities are successful is dependent on transparent disclosure of what AER expects industry to achieve and what has been achieved relative to those expectations. Without this information, AER will be unable to demonstrate whether industry's activities are making a positive impact at the desired pace. And without a reliable and adequately explained total liability estimate, Albertans lack information about the overall scope, risk, and potential financial exposure.	March 2023, p. 24	Not Ready for Assessment

Recommendation	When	Status
ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Improve processes to assess information from OWA We recommend that the Alberta Energy Regulator: - collect information that allows AER to assess whether the OWA is achieving intended objectives and to assess the long-term sustainability of the Orphan Fund - assess sustainability by completing modelling on how long it will take OWA to complete closure work on its current inventory of sites and anticipated funding levels Consequences of not taking action: If AER does not improve its processes to assess information from OWA, there is the risk that AER will not be able to sufficiently assess whether OWA is meeting its objectives. It also may limit AER's ability to sufficiently assess whether further actions are needed to mitigate the risks of untimely closure and financial burden being shifted to OWA and the public. AER holds responsibility for the Orphan Fund and has a critical role in ensuring that the Orphan Fund is sustainable to meet future needs and without sufficient and proactive analysis, the necessary closure work of orphan sites may not happen as intended.	March 2023, p. 27	Not Ready for Assessment
ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Monitor, enforce, and report on the Inventory Reduction Program We recommend that the Alberta Energy Regulator ensures compliance with the Inventory Reduction Program by monitoring, measuring, taking corrective action and reporting on industry and licensee closure progress under the Inventory Reduction Program. Consequences of not taking action: Without sufficient processes to monitor, measure, and ensure compliance with the Inventory Reduction Program, the intended outcomes of reducing the number of inactive sites and increasing the timeliness of closure of inactive sites may not be achieved. The success of this program is dependent on strong systems to monitor and measure its performance, take necessary enforcement actions to ensure spending is sustained, and report on whether it is achieving stated objectives.	March 2023, p. 28	Not Ready for Assessment

Recommendation	When	Status
ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Determine how much security is necessary and how it will be collected We recommend that the Alberta Energy Regulator determine how much security needs to be collected, when it will be collected, and how collection will get enforced with the transition away from the Licensee Liability Rating Program. Consequences of not taking action: The Licensee Liability Rating Program has been central to AER's liability management efforts. Timely correction of its shortcomings is critical for AER to ensure that future approaches to security collection actually meet the objectives of reducing the number of orphan sites transferred to OWA and minimizing the risk that the public will eventually have to pay to clean up sites.	March 2023, p. 32	Not Ready for Assessment
ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Improve licence transfer application processes We recommend that the Alberta Energy Regulator continue to improve its licence transfer processes by: • updating AER's delegation of authority to clearly articulate who can approve discretion requests, and under what circumstances • developing a system to track, monitor and report on the effectiveness of discretion requests, including transfer conditions and licensee commitments Consequences of not taking action: If the liability management strategies do not focus on the development of improved measures to evaluate the effectiveness of the licence transfer system, lessons learned from previous decisions of licence transfers will not benefit future decisions.	March 2023, p. 33	Not Ready for Assessment

Recommendation	When	Status
ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Improve compliance and assurance processes for suspended and abandoned wells We recommend that the Alberta Energy Regulator evaluate compliance assurance activities for suspended wells and routine abandonments and determine whether it is meeting AER's risk tolerance. Consequences of not taking action: If weaknesses in regulatory compliance activities are not resolved, there is an increased likelihood that inactive oil and gas infrastructure is not properly closed within a reasonable amount of time, which potentially increases the risk to the environment or to public health and safety.	March 2023, p. 38	Not Ready for Assessment
ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Improve reclamation certification controls We recommend that the Alberta Energy Regulator: • improve the controls resulting in invalid approvals for reclamation certificate approvals • retain documented evidence to support justifications and reviews as part of its manual reclamation certification process • determine the necessary level of assurance work on post-reclamation certification and consistently complete it Consequences of not taking action: If weaknesses in regulatory compliance activities are not resolved, there is an increased likelihood that inactive oil and gas infrastructure is not properly closed within a reasonable amount of time, which potentially increases the risk to the environment or to public health and safety.	March 2023, p. 38	Not Ready for Assessment

Recommendation	When	Status
ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Improve oversight of remediation action plans We recommend that the Alberta Energy Regulator ensure there is evidence of review of remedial action plans and demonstrate that timelines for remediation are being consistently monitored and followed up. Consequences of not taking action: If weaknesses in regulatory compliance activities are not resolved, there is an increased likelihood that inactive oil and gas infrastructure is not properly closed within a reasonable amount of time, which potentially increases the risk to the environment or to public health and safety.	March 2023, p. 38	Not Ready for Assessment

Recommendation	When	Status
ALBERTA ENERGY REGULATOR Process to Provide Information About Government’s Environmental Liabilities: Complete case-by-case assessments of sites We recommend that the Department of Environment and Protected Areas and the Alberta Energy Regulator (AER) complete a case-by-case assessment to determine who is responsible to clean up each site. Where it is concluded that either the Department of Environment and Protected Areas or AER is responsible or accepts responsibility, we recommend that Environment and Protected Areas and AER: • determine what work, if any, needs to be done • rank each site to help prioritize cleanup work • estimate the costs to manage or clean up sites • account for environmental liabilities, when appropriate to do so Consequences of not taking action: Due to the lack of clarity about responsibility, funding sources and priorities, departments and agencies are not providing Treasury Board with relevant information about the portfolio of sites for which the government is responsible, has accepted responsibility, or where regulators have been unable to identify a responsible party. This information is essential to allow Treasury Board members to assess appropriately, and oversee the risks to government and to make informed decisions. As a result, funds may be allocated inefficiently or used on low-priority sites while higher priority sites are not cleaned up in a reasonable time. Without good information, the government may not accurately account for environmental liabilities, resulting in the province’s financial statements not reflecting the total environmental liabilities of the province.	June 2021, p. 14	Not Ready for Assessment

Environment and Protected Areas

In this report, we highlight that the department has implemented one recommendation—see below.

IMPLEMENTED Recommendation

Department

IMPLEMENTED Recommendation:
Process for capital asset write-downs and disposals

Context

In 2021,²⁶ we found that the department did not have established requirements or timelines for program areas to complete asset reviews and communicate this information to the finance area, nor did it have a documented process for periodic physical verification of capital assets.

Our current findings

The department has implemented our recommendation to improve its processes for periodic physical verification of capital assets and for ensuring timely identification of tangible capital assets requiring a write-down or to be considered for disposal.

The department implemented a quarterly and annual asset verification process. Each quarter, the finance area provides a capital asset listing, with instructions on how to complete the review, to each program area. The program areas review their listings, verify the physical existence of assets, and identify whether any assets have been disposed or require a write-down. The program area documents any changes as well as a confirmation of the assets' existence, and provides this to the finance area. The finance area reviews the listings and sends the required changes to Service Alberta and Red Tape Reduction for processing.

²⁶ *Report of the Auditor General—November 2021*, page 88.

Status of recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations				Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Implemented	Changed Circumstance
3	14	17	6	11	7	10	1	0

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations
• Surface Water Management—July 2024 › Establish process to identify when to develop, assess, and update water conservation objectives › Improve licensing and compliance-monitoring processes › Publicly report relevant and reliable information on managing surface water	3
• Report of the Auditor General—December 2023 › Ensure that underpayments to the TIER Fund are collected when errors are found › Improve financial information preparation and reporting processes	2
• Reporting on the Oil Sands Monitoring Program Assessment of Implementation—March 2023 › Improve annual report processes (originally November 2018; repeated March 2023)	1
• Pesticide Management—March 2022 › Assess risks and employ compliance monitoring to mitigate them › Ensure public information is current and accurate › Develop performance metrics and evaluate the pesticide program	3
• Processes to Provide Information about Government's Environmental Liabilities—June 2021 › Develop guidance to determine who is responsible for cleanup work › Complete case-by-case assessments of sites	2
• Systems to Ensure Sufficient Financial Security for Land Disturbances from Mining Progress Report—June 2021 › Improve program design (originally July 2015; unsatisfactory progress June 2021)	1
• Wetland Replacement Assessment of Implementation—June 2021 › Improve controls over wetland replacement (originally April 2010; repeated October 2015 and June 2021)	1
• Flood Mitigation Systems—March 2015 › Update flood hazard maps and mapping guidelines › Assess risk to support mitigation policies and spending › Designate flood hazard areas and complete floodway development regulation › Assess effects of flood mitigation actions	4
Total	17

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
DEPARTMENT Surface Water Management: Establish process to identify when to develop, assess, and update water conservation objectives We recommend that the Department of Environment and Protected Areas establish a process to identify the need for water conservation objectives, regularly assess their effectiveness, and update them to ensure sustainable water supplies. Consequences of not taking action: Failing to proactively identify the need for water conservation objectives, or to evaluate and update existing ones, increases the risk of water shortages. That could lead to higher costs, shortages of goods, and an inability to meet future water needs for people, businesses, and the economy.	July 2024, p. 9	Not Ready for Assessment
DEPARTMENT Surface Water Management: Improve licensing and compliance-monitoring processes We recommend that the Department of Environment and Protected Areas improve its licensing and compliance-monitoring processes to ensure that: • approved licences meet requirements • approval decisions are made consistently and comply with requirements • key decisions are documented • licensee compliance is effectively monitored Consequences of not taking action: Water licences could be granted to people and businesses who should not receive them, enabling unsustainable practices. Inadequate compliance monitoring can result in overuse or misuse of water, undermining efforts to manage water sustainably. It can also erode public trust in regulatory authorities and undermine accountability in water resource management.	July 2024, p. 12	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Surface Water Management: Publicly report relevant and reliable information on managing surface water We recommend that the Department of Environment and Protected Areas publicly report relevant and reliable information on surface water, including water usage. Consequences of not taking action: The lack of public information on key aspects of surface water management, such as water usage and allocation at broader basin and sub-basin levels, hinders accountability, transparency, and informed decision-making.	July 2024, p. 13	Not Ready for Assessment
DEPARTMENT Report of the Auditor General—December 2023: Ensure that underpayments to the TIER Fund are collected when errors are found We recommend that the Department of Environment and Protected Areas implement a process to collect underpayments to the TIER Fund identified through its review of industry submitted information used to calculate emission obligations. Consequences of not taking action: The department may not collect amounts owing to the Technology Innovation and Emissions Reduction (TIER) Fund which could negatively impact emissions reduction and climate adaptation efforts. This would also impede the regulatory system's design to ensure fairness, transparency, and equity across facilities. It could also misrepresent Alberta's greenhouse gas emissions and compliance results.	December 2023, p. 79	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Report of the Auditor General—December 2023: Improve financial information preparation and reporting processes We recommend that the Department of Environment and Protected Areas improve its financial information preparation and reporting processes by enhancing its quality control and review activities. Consequences of not taking action: Without effective and sustainable financial reporting processes, the risk of inaccurate and late financial information being supplied to users is substantially increased. Additionally, there are inefficiencies and waste that result from ineffective financial reporting processes.	December 2023, p. 81	Ready for Assessment
DEPARTMENT Reporting on the Oil Sands Monitoring Program Assessment of Implementation: Improve annual report processes We again recommend that the Department of Environment and Protected Areas, working with Environment and Climate Change Canada, improve processes to ensure the annual report on the Oil Sands Monitoring Program is complete, accurate, and timely. Consequences of not taking action: Without complete, timely, and accurate public reporting on the Oil Sands Monitoring Program activities and results, stakeholders may not have access to sufficient information to assess whether the government is meeting its commitment to ensure environmentally responsible development of the oil sands.	Repeated March 2023, p. 3 > Originally reported November 2018, p. 7	Not Ready for Assessment
DEPARTMENT Pesticide Management: Assess risks and employ compliance monitoring to mitigate them We recommend that the Department of Environment and Protected Areas regularly assess risks from non-compliance with pesticide laws and employ compliance monitoring processes to mitigate the identified risks. Consequences of not taking action: Without a risk-based approach, the department's compliance monitoring activities may not be sufficient to detect non-compliance, leading to increased risk to human health and the environment.	March 2022, p. 10	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Pesticide Management: Ensure public information is current and accurate We recommend that the Department of Environment and Protected Areas ensure that public information on pesticide products and conditions for their use is current and accurate. Consequences of not taking action: Outdated and inaccurate public information on pesticide products increases the risk of improper use and creates danger to human health and the environment. It may also cause the public to lose confidence in Alberta's regulatory system for pesticides.	March 2022, p. 12	Not Ready for Assessment
DEPARTMENT Pesticide Management: Develop performance metrics and evaluate the pesticide program We recommend that the Department of Environment and Protected Areas establish performance metrics and regularly evaluate the effectiveness of the pesticide program. Consequences of not taking action: Without regular program evaluation, the department does not know if the program meets its objectives of minimizing negative impacts on health and the environment from pesticide use.	March 2022, p. 13	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Processes to Provide Information about Government's Environmental Liabilities: Develop guidance to determine who is responsible for cleanup work We recommend that the Department of Environment and Protected Areas develop clear guidance to determine who is responsible to do the required work, and pay for it, when private operators across various industries no longer exist, or are unable to perform the required work. Where it is determined that the government will do the work, we recommend that the Department of Environment and Protected Areas: • clarify what environmental standards apply • provide guidance on which department or agency is responsible to do the work and pay for it across the various industries • provide guidance on how the assessment, management and cleanup work of sites will be funded Consequences of not taking action: Due to the lack of clarity about responsibility, funding sources and priorities, departments and agencies are not providing Treasury Board with relevant information about the portfolio of sites for which the government is responsible, has accepted responsibility, or where regulators have been unable to identify a responsible party. This information is essential to allow Treasury Board members to assess appropriately, and oversee the risks to government and to make informed decisions. As a result, funds may be allocated inefficiently or used on low-priority sites while higher priority sites are not cleaned up in a reasonable time. Without good information, the government may not accurately account for environmental liabilities, resulting in the province's financial statements not reflecting the total environmental liabilities of the province.	June 2021, p. 14	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Processes to Provide Information about Government's Environmental Liabilities: Complete case-by-case assessments of sites We recommend that the Department of Environment and Protected Areas and the Alberta Energy Regulator (AER) complete a case-by-case assessment to determine who is responsible to clean up each site. Where it is concluded that either the Department of Environment and Protected Areas or AER is responsible, or accepts responsibility, we recommend that Environment and Protected Areas and AER: • determine what work, if any, needs to be done • rank each site to help prioritize cleanup work • estimate the costs to manage or clean up sites • account for environmental liabilities, when appropriate to do so Consequences of not taking action: Due to the lack of clarity about responsibility, funding sources and priorities, departments and agencies are not providing Treasury Board with relevant information about the portfolio of sites for which the government is responsible, has accepted responsibility, or where regulators have been unable to identify a responsible party. This information is essential to allow Treasury Board members to assess appropriately, and oversee the risks to government and to make informed decisions. As a result, funds may be allocated inefficiently or used on low-priority sites while higher priority sites are not cleaned up in a reasonable time. Without good information, the government may not accurately account for environmental liabilities resulting in the province's financial statements not reflecting the total environmental liabilities of the province.	June 2021, p. 14	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Systems to Ensure Sufficient Financial Security for Land Disturbances from Mining Progress Report: Improve program design We recommend that the Department of Environment and Protected Areas, as part of its regular review of the Mine Financial Security Program: - analyze and conclude on whether changes to the asset calculation are necessary due to overestimation of asset values in the methodology - demonstrate that it has appropriately analyzed and concluded on the potential impacts of inappropriately extended mine life in the calculation Consequences of not taking action: If there isn't an adequate program in place to ensure that financial security is provided by mine operators to fund the conservation and reclamation costs associated with their mine operations, mine sites may either not be reclaimed as intended or Albertans could be forced to pay the reclamation costs. If incentives are not in place to reclaim lands as soon as reclamation is possible, mine sites may remain disturbed for longer than necessary and Albertans face a larger risk that they will end up having to pay the eventual reclamation costs.	Unsatisfactory Progress June 2021, p. 29 › Originally reported July 2015, no. 2, p. 29	Ready for Assessment
DEPARTMENT Wetland Replacement Assessment of Implementation: Improve controls over wetland replacement We recommend that the Department of Environment and Protected Areas have clear, enforceable agreements and effective monitoring to ensure wetland replacement parties meet their responsibilities. 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.	Repeated June 2021, p. 59 › Repeated October 2015, no. 6, p. 45 › Originally reported April 2010, no. 6, p. 71	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Flood Mitigation Systems: Update flood hazard maps and mapping guidelines We recommend that the Department of Environment and Protected Areas improve its processes to identify flood hazards by: • mapping flood areas that are not currently mapped but are at risk of flooding communities • updating and maintaining its flood hazard maps • updating its flood hazard mapping guidelines Consequences of not taking action: The department cannot adequately protect people and communities from floods and their effects without current and complete information on flood hazards.	March 2015, no. 10, p. 76	Ready for Assessment
DEPARTMENT Flood Mitigation Systems: Assess risk to support mitigation policies and spending We recommend that the Department of Environment and Protected Areas conduct risk assessments to support flood mitigation decisions. Consequences of not taking action: The department cannot effectively develop flood mitigation strategies without current flood hazard and risk assessment information.	March 2015, no. 11, p. 78	Ready for Assessment

Recommendation	When	Status
DEPARTMENT Flood Mitigation Systems: Designate flood hazard areas and complete floodway development regulation To minimize public safety risk and to avoid unnecessary expenditure of public money, we recommend that the: • Department of Environment and Protected Areas identify flood hazard areas for designation by the minister • Department of Municipal Affairs: › establish processes for controlling, regulating or prohibiting future land use or development to control risk in designated flood hazard areas › put in place processes to enforce the regulatory requirements Consequences of not taking action: Allowing development in floodways unnecessarily risks public safety and the public purse. Keeping people and infrastructure away from floodways is the most cost-effective approach to managing flood risk in areas where experts can predict water flows will be deepest, fastest, and most destructive.	March 2015, no. 12, p. 80	Ready for Assessment
DEPARTMENT Flood Mitigation Systems: Assess effects of flood mitigation actions We recommend that the Department of Environment and Protected Areas establish processes to assess what will be the cumulative effect of flood mitigation actions in communities when approving new projects and initiatives. Consequences of not taking action: If the department does not assess the cumulative effect of flood mitigation programs and initiatives prior to approving new ones, some communities may be over protected and others under protected from future floods.	March 2015, no. 13, p. 82	Ready for Assessment

Forestry and Parks

In this report, there is one new recommendation to the department—see below.

NEW Recommendation

Department

NEW Recommendation:
Improve financial information preparation and reporting processes

We recommend that the Department of Forestry and Parks improve its processes to ensure the timeliness and quality of financial information preparation and reporting.

Context

The Department of Forestry and Parks (the department) is responsible for preparing timely and accurate ministry financial information to be included in the Province of Alberta's Consolidated Financial Statements. The ministry financial information must be prepared in accordance with Canadian Public Sector Accounting Standards. The information must comply with these standards. It also provides crucial data to management to support results analyses of their performance and reliable information for decision-making.

Effective processes to prepare financial information help ensure timely reporting that is complete and reliable. These processes include preparing financial information and supporting working papers that are accurate and consistent with public sector accounting standards, and reviewing financial information to detect errors, omissions, and other important matters.

A key part of effective internal controls is complete and accurate process documentation. It is critical for ensuring that all risks have been identified and appropriate responses have been designed. It helps the transfer of knowledge within the organization to ensure business continuity and to reduce the risk of potential fraud and errors.

Our findings

Key findings

- The financial information and supporting documentation prepared by the department was not timely.
- The quality of financial information prepared by the department needs improvement.
- Staffing challenges were a contributing factor to the reporting process deficiencies.

Timeliness of supporting information

The department did not complete or provide the required financial information by both the government's internal and agreed upon timelines with our office. This caused delays in providing correct and appropriate ministry financial information for the Province's Consolidated Financial Statements. Support for certain key audit issues was provided to our office months after our original request date.

The 2023 wildfire season was unprecedented and burned over 2.2 million hectares, which was more than any previous fire season. The cost of fighting the fires exceeded \$850 million and resulted in a significant amount of transactions having to be processed over a short period of time which increases the risk associated with these expenses. Process documentation relating to the higher risk firefighting expenses was unavailable or not provided upon request.

Quality of supporting information

The department's analysis and conclusions on certain accounting matters were not comprehensive. Processes to ensure that the accounting treatment was appropriate did not operate as intended. Certain supporting working papers did not sufficiently consider or apply public sector accounting standards and lacked supporting documentation. For example, the department did not complete a site-by-site assessment for environmental liabilities based on the various applicable accounting standards.

Staffing challenges

The department has been significantly restructured over the last several years. Some of the financial reporting team now prepare financial information for two ministries, following the fall 2022 reorganization. In addition, the department experienced another reorganization in June 2023 that resulted in changes to the department's financial and organizational structure. This was a contributing factor to the process deficiencies.

Consequences of not taking action

Without effective and sustainable financial reporting processes, management may not have reliable financial information to base their decisions on, the risk of inaccurate and late financial information being supplied to users is substantially increased, and there is a higher risk of financial reporting errors. Additionally, without proper process documentation the organization is at higher risk for disruption of business continuity and there is an increased opportunity for potential fraud and errors.

Status of recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations				Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Implemented	Changed Circumstance
1	4	5	0	5	4	1	0	0

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations
• Annual Summary of Ministry Audit Work—November 2024 › Improve financial information preparation and reporting processes	1
• Management of Sand and Gravel Pits Followup—November 2019²⁷ › Reclamation monitoring and enforcement (originally October 2008; repeated July 2014 and November 2019) › Collect sufficient security › Collect outstanding royalties	3
• Systems to Manage Grazing Leases—July 2015²⁸ › Clarify objectives, benefits and relevant performance measures	1
Total	5

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
DEPARTMENT Annual Summary of Ministry Audit Work—November 2024: Improve financial information preparation and reporting processes We recommend that the Department of Forestry and Parks improve its processes to ensure the timeliness and quality of financial information preparation and reporting. Consequences of not taking action: Without effective and sustainable financial reporting processes, management may not have reliable financial information to base their decisions on, the risk of inaccurate and late financial information being supplied to users is substantially increased, and there is a higher risk of financial reporting errors. Additionally, without proper process documentation the organization is at higher risk for disruption of business continuity and there is an increased opportunity for potential fraud and errors.	November 2024, p. 87	New

²⁷ Originally directed to Environment and Protected Areas, these recommendations were transferred to Forestry and Parks as part of a government reorganization.

²⁸ Originally directed to Environment and Protected Areas, this recommendation was transferred to Forestry and Parks as part of a government reorganization.

Recommendation	When	Status
DEPARTMENT Management of Sand and Gravel Pits Followup: Reclamation monitoring and enforcement We again recommend that the Department of Forestry and Parks improve the effectiveness and efficiency of reclamation monitoring and enforce reclamation requirements. Consequences of not taking action: Un-reclaimed pits create environmental and safety risks. Albertans may have to pay reclamation costs.	Repeated November 2019, Followup Audit, p. 13 › Repeated July 2014, no. 4, p. 51 › Originally reported October 2008, no. 40, p. 360	Not Ready for Assessment
DEPARTMENT Management of Sand and Gravel Pits Followup: Collect sufficient security We recommend that the Department of Forestry and Parks collect sufficient security to compel operators to reclaim the land and to cover reclamation costs if operators fail to do so. Consequences of not taking action: Albertans may have to pay reclamation costs.	November 2019, p. 16	Not Ready for Assessment
DEPARTMENT Management of Sand and Gravel Pits Followup: Collect outstanding royalties We recommend that the Department of Forestry and Parks collect outstanding royalties for sand and gravel on oil sands sites. Consequences of not taking action: Albertans will not receive the royalties due for the province's sand and gravel.	November 2019, p. 17	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Systems to Manage Grazing Leases: Clarify objectives, benefits and relevant performance measures We recommend that the Department of Forestry and Parks define and communicate the environmental, social and economic objectives it expects grazing leases should provide all Albertans as well as relevant performance measures to monitor and ensure those objectives are met. Consequences of not taking action: Without clearly defined objectives and relevant performance measures for grazing leases on public land in Alberta, the department cannot ensure those objectives are being met, or that Albertans are receiving the benefits they should. Further, without relevant performance measures and effective systems to monitor and analyze them, the department cannot know what it must do to improve its processes to better manage grazing leases on behalf of Albertans.	July 2015, no. 1, p. 20	Not Ready for Assessment

Health

In this report, there are no new audit findings.

Status of recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations				Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Implemented	Changed Circumstance
0	16	16	2	14	3	13	8	1

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations	
	Department	AHS
COVID-19 in Continuing Care Facilities—February 2023 - Department: Update and expand a pandemic plan common to entire continuing care sector - Department: Exercise and simulate updated plan regularly, with all parties - Department: Develop a continuing care staffing strategy to increase staffing system resilience - Alberta Health Services: Formalize centre of expertise capacity for outbreak management - Alberta Health Services: Formalize operational improvements in outbreak testing - Department: Evaluate all existing infrastructure and set a strategy for improving facility infrastructure - Alberta Health Services: Track resident illness and staff absences during communicable disease outbreaks in facilities - Alberta Health Services: Implement recommendations from Alberta Health Services internal reports	4	4
Seniors Care in Long-term Care Assessment of Implementation—February 2023 - Alberta Health Services: System to mitigate risk to safe, quality resident care from insufficient staffing - Department: Improve public reporting on expected results and whether the provincial long-term care system is achieving them	1	1

Report Title	Number of Recommendations	
	Department	AHS
• Use of Publicly Funded CT and MRI Services—April 2021 › Department: Implement and measure the effectiveness of standard operational policy and work-flow for electronic order entry › Alberta Health Services: Improve the outpatient CT and MRI intake and scheduling processes › Alberta Health Services: Measure and report on performance to identify areas of improvement and promote best practices	1	2
• Primary Care Networks—October 2017 › Department: Evaluate PCN effectiveness › Department: Informing Albertans about PCN services	2	0
• Healthcare Processes—October 2015 › Department: Establish a proactive check to ensure that individuals with an Alberta healthcare number continue to meet residency requirements	1	0
Total	9	7

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
DEPARTMENT COVID-19 in Continuing Care Facilities: Update and expand a pandemic plan common to entire continuing care sector We recommend that the Department of Health ensure the development of an up-to-date, comprehensive, continuing care-focused pandemic plan relevant to all key stakeholders—Department of Health, Alberta Health Services and facility operators. The Department of Health should ensure such a plan for facility-based continuing care: • sets measurable goals and targets, is aligned with other related plans, and is regularly communicated to operational management and front-line staff across the continuing care sector, including at the Department of Health and AHS • reflects learnings from the COVID-19 response • is disease-agnostic and is scalable • integrates compliance monitoring and other inspection activities • includes clearly defined escalation pathways, based on established measures or triggers, for outbreak management and resolution • clearly defines roles, responsibilities, accountabilities, and decision-making structures for all stakeholders Consequences of not taking action: Precious time and effort may be diverted to preparation and organization in the critical early stages of a pandemic response if appropriate planning is not in place.	February 2023, p. 20	Not Ready for Assessment
DEPARTMENT COVID-19 in Continuing Care Facilities: Exercise and simulate updated plan regularly, with all parties We recommend that the Department of Health lead periodic pandemic response exercises for Alberta's facility-based continuing care sector across all levels of the system, and involve operational and front-line staff. Consequences of not taking action: In an emergency situation the facility-based continuing care system must respond seamlessly across multiple organizations. Without periodic exercises including all parts of the system, this cross-organizational preparedness cannot be critically evaluated and continuously strengthened.	February 2023, p. 21	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT COVID-19 in Continuing Care Facilities: Develop a continuing care staffing strategy to increase staffing system resilience We recommend that the Department of Health work with Alberta Health Services and facility operators to develop and implement a staffing strategy for facility-based continuing care. This strategy should build on efforts already underway focused on staffing hours and staff mix from the response to the Facility-based Continuing Care review recommendations, and consider other factors that contributed to staff vulnerability during COVID-19 such as: • the costs and benefits of maintaining a largely single-site staffing model • appropriateness of primarily part-time and casual staffing model use in the care of vulnerable elderly residents • mandatory benefits—particularly paid sick leave • minimum staff training • staff quality of work and life • staff mental health, wellness, and post-traumatic support A staffing strategy should determine what the Department of Health wants to achieve in these areas and determine what it can accomplish with existing and potential future resources. Consequences of not taking action: Insufficient resources to care for residents during COVID-19 reinforced the importance of continuing care facility staff to safe resident care, outbreak response, and facility operations.	February 2023, p. 42	Not Ready for Assessment
ALBERTA HEALTH SERVICES COVID-19 in Continuing Care Facilities: Formalize centre of expertise capacity for outbreak management We recommend that Alberta Health Services formalize multi-disciplinary outbreak response and support systems tasked with providing centre of expertise services, monitoring and tracking, and post-outbreak debriefing and reporting for communicable disease outbreaks at continuing care facilities. Consequences of not taking action: Without established teams of specialists prepared to support outbreak response and debrief them, outbreak response can be hampered and valuable lessons in disease-specific and general outbreak management may be lost.	February 2023, p. 42	Not Ready for Assessment

Recommendation	When	Status
ALBERTA HEALTH SERVICES COVID-19 in Continuing Care Facilities: Formalize operational improvements in outbreak testing We recommend that Alberta Health Services work with Alberta Precision Labs to review, identify, and formalize process improvements and streamlining during COVID-19. Considerations should include other process improvements that could prevent human errors, facilitate linking samples to outbreaks, build redundancy and resiliency into the critical outbreak testing processes, and ensure timely delivery of results to continuing care facilities. Consequences of not taking action: Alberta Precision Labs, along with AHS zone and provincial management, worked tirelessly to find the best solution possible to every challenge they faced. If APL and AHS do not capture and formalize these process improvements, the invaluable testing system will not be able to optimally support continuing care facility outbreak management.	February 2023, p. 43	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT COVID-19 in Continuing Care Facilities: Evaluate all existing infrastructure and set a strategy for improving facility infrastructure We recommend that the Department of Health develop a priority list and strategy for improving existing buildings, where necessary. This priority list and strategy should be based on a comprehensive assessment of all continuing care facilities in the province to be completed by Alberta Health Services for: • whether the building meets the mandatory requirements of current facility design guidelines, and its capacity for upgrading to current minimums if necessary • the adequacy of their HVAC and filtration systems • the size of resident rooms and extent of shared accommodations • the capacity of the building to permit adequate isolation practices • the extent of building entrances and exits and their ability to be secured An infrastructure strategy should determine what the Department of Health wants to achieve and determine what it can accomplish with existing and potential future resources. Consequences of not taking action: Without a strategy for making informed, priority-based decisions to improve facility infrastructure where necessary, some of Alberta's continuing care facility infrastructure will continue to challenge the best responses to communicable disease outbreaks.	February 2023, p. 43	Not Ready for Assessment
ALBERTA HEALTH SERVICES COVID-19 in Continuing Care Facilities: Track resident illness and staff absences during communicable disease outbreaks in facilities We recommend that Alberta Health Services develop or adapt a surveillance system to track all resident cases and deaths, as well as information on staff absences, during any communicable disease or outbreak in facilities. Consequences of not taking action: Without regular, complete tracking of both resident and staff impacts from communicable disease outbreaks, AHS may miss these important indicators of resident care, staff well-being, and overall facility risk.	February 2023, p. 51	Not Ready for Assessment

Recommendation	When	Status
ALBERTA HEALTH SERVICES COVID-19 in Continuing Care Facilities: Implement recommendations from Alberta Health Services internal reports We recommend that Alberta Health Services accumulate, evaluate and action recommendations, lessons learned, and other required actions identified in its own internal summary reports on continuing care outbreaks. Any recommendations not adopted should be rationalized. We have organized and summarized these recommendations in Appendix E. Consequences of not taking action: Through considerable analysis and effort, AHS identified many important recommendations and suggestions for how it, Alberta Health, and facilities can make improvements. If not actioned, the system may not be better prepared for future pandemics, and other smaller communicable disease outbreaks such as seasonal influenza.	February 2023, p. 51	Not Ready for Assessment
ALBERTA HEALTH SERVICES Seniors Care in Long-term Care Assessment of Implementation: System to mitigate risk to safe, quality resident care from insufficient staffing We recommend that Alberta Health Services implement a system to mitigate the risk that a facility is not providing residents with the number and type of care staff needed to ensure safe, quality resident care. Consequences of not taking action: Long-term care facilities must ensure residents receive the care they need. AHS plays a critical role in mitigating the risk that facilities are not able to provide the staff necessary to do this.	February 2023, p. 8	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Seniors Care in Long-term Care Assessment of Implementation: Improve public reporting on expected results and whether the provincial long-term care system is achieving them We recommend that the Department of Health improve its public reporting by: • establishing what the provincial long-term care system is expected to achieve • identifying measures to evaluate performance • reporting what results the system is achieving annually, based on those measures • identifying what processes and activities are or will be done to continuously improve system results and meet expectations If limitations on the length, content, and format of existing avenues for this information, such as ministry business plans and annual reports, cannot facilitate this, the Department of Health should identify and use alternative means of communicating this information to Albertans. Consequences of not taking action: Albertans spend more than \$2 billion a year on continuing care services and entrust the system with the care of our society’s most vulnerable people—long-term care serves those with the greatest needs of all. Albertans can and should expect such a system to have clear goals, regular measurement and accountability for results, and continuous improvement at its core.	February 2023, p. 11	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Use of Publicly Funded CT and MRI Services: Implement and measure the effectiveness of standard operational policy and work-flow for electronic order entry We recommend Alberta Health work with Alberta Health Services and stakeholders to implement, and measure the effectiveness of, standard operational policy and work-flow for electronic order entry that will assist primary care and non-AHS clinicians when ordering CT and MRI exams. Consequences of not taking action: AHS Path to Care states one of its goals is to “support fair and equal access to health services for all Albertans no matter where they live in the province.” The current system does not provide the desired access to diagnostic imaging services for Albertans. Without centralized and standardized processes that incorporate CDS tools for all of Alberta, it will be difficult for AHS to obtain optimization of CT and MRI service delivery. Wait times, which exceed targets, may lead to diminished health outcomes for patients. They may also create economic inefficiencies.	April 2021, p. 25	Not Ready for Assessment

Recommendation	When	Status
ALBERTA HEALTH SERVICES Use of Publicly Funded CT and MRI Services: Improve the outpatient CT and MRI intake and scheduling processes We recommend for outpatient CT and MRI exams, Alberta Health Services: • standardize the intake and scheduling processes, including the use of clinical decision support tools • implement a process to standardize protocoling and monitor adherence to prioritization and protocoling standards • execute the Diagnostic Imaging, CT and MRI Implementation Plan to meet wait time targets Consequences of not taking action: AHS Path to Care states one of its goals is to “support fair and equal access to health services for all Albertans no matter where they live in the province.” The current system does not provide the desired access to diagnostic imaging services for Albertans. Without centralized and standardized processes that incorporate CDS tools for all of Alberta, it will be difficult for AHS to obtain optimization of CT and MRI service delivery. Wait times, which exceed targets, may lead to diminished health outcomes for patients. They may also create economic inefficiencies.	April 2021, p. 25	Not Ready for Assessment
ALBERTA HEALTH SERVICES Use of Publicly Funded CT and MRI Services: Measure and report on performance to identify areas of improvement and promote best practices We recommend Alberta Health Services implement a process for regular measuring and reporting on performance for intake and scheduling of outpatient CT and MRI exams to identify areas of improvement and promote best practices. Consequences of not taking action: If AHS does not use performance information regularly for continuous improvement, it is missing out on a valuable tool that could assist in improving operational effectiveness and efficiency.	April 2021, p. 29	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Primary Care Networks: Evaluate PCN effectiveness We recommend that the Department of Health, through its leadership role in the PCN Governance Structure, work with the PCNs and PCN physicians to: • agree on appropriate targets for each PCN program performance measure, and require PCNs to measure and report results in relation to the targets • develop a formal action plan for public reporting of PCN program performance Consequences of not taking action: Without adequate systems to measure performance, the department cannot evaluate the results of the PCN program to make informed decisions on what is working well in the program and what needs to improve. The department will also lack the information needed to report to Albertans on the results achieved for the significant public investment in this program.	October 2017, Performance Auditing, p. 79	Ready for Assessment
DEPARTMENT Primary Care Networks: Informing Albertans about PCN services We recommend that the Department of Health, through its leadership role in the PCN Governance Structure, work with PCNs and PCN physicians to: • require PCN physicians to complete the established patient attachment process, and set appropriate timelines for completing this process • agree on the best approaches for engaging Albertans as active participants in their own care, and explaining the PCN services available to help them achieve their health goals Consequences of not taking action: If patients are not engaged to understand who their family physician is, what services are available through their patient medical home and their PCN, and how they can access those services, there is significant risk that key benefits of the PCN program will not be fully realized. As one PCN told us, “patients themselves are the largest untapped resource in primary care”.	October 2017, Performance Auditing, p. 84	Ready for Assessment

Recommendation	When	Status
DEPARTMENT Healthcare Processes: Establish a proactive check to ensure that individuals with an Alberta healthcare number continue to meet residency requirements We recommend that the Department of Health improve its processes by establishing a proactive check to ensure that individuals who have been issued an Alberta healthcare number continue to meet the residency requirements specified in the <i>Alberta Health Care Insurance Act</i> and <i>Regulation</i>. Consequences of not taking action: The department may pay for healthcare for people who do not meet Alberta residency requirements.	October 2015, no. 12, p. 101	Not Ready for Assessment

Indigenous Relations

In this report, there are no new audit findings.

Status of recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations				Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Implemented	Changed Circumstance
0	1	1	1	0	0	1	0	0

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations
- Indigenous Economic Participation—May 2022 - Improve performance reporting process	1
Total	1

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
DEPARTMENT Indigenous Economic Participation: Improve performance reporting process We recommend that the Department of Indigenous Relations improve its performance reporting process for its programs to achieve increased Indigenous economic participation by: • implementing performance measures and targets for all programs • analyzing program performance, including the reporting it receives from funding recipients, to compare to user needs, planned results and program costs • reporting its analysis of program results and achievement of the ministry desired outcome, including lessons learned Consequences of not taking action: Without effective processes to monitor progress and report on results of its economic development and training programs, Indigenous Relations risks not achieving planned results and not demonstrating value for taxpayer money spent. Long-term planned results may succumb to short-term considerations. Information necessary to make decisions that support what is working well, and that identify the changes needed for what is not working well, will not be available.	May 2022, p. 14	Ready for Assessment

Infrastructure

In this report, there are no new audit findings.

Status of recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations				Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Implemented	Changed Circumstance
0	4	4	0	4	0	4	0	0

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations
• Procurement Processes—June 2022 › Improve controls for ensuring compliance with trade agreements › Improve controls for receiving submissions › Improve access controls for procurement information systems › Improve submission evaluation controls	4
Total	4

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
DEPARTMENT Procurement Processes: Improve controls for ensuring compliance with trade agreements We recommend the Department of Infrastructure improve its controls to ensure solicitation documents and posting periods comply with trade agreements. Consequences of not taking action: If proponents are not provided with adequate time to prepare their submissions, including bid prices, it could result in withdrawals by proponents and decreased competition or proponents may price this risk into their bid. The inclusion of manufacturers in solicitation documents without allowing equivalents may result in unequal opportunities for companies to bid on public procurements, which may lead to less competition and increased contract costs. Proponents may sue Alberta Infrastructure for non-compliance with the trade agreements which could result in financial penalties or reputational damage.	June 2022, p. 11	Not Ready for Assessment
DEPARTMENT Procurement Processes: Improve controls for receiving submissions We recommend the Department of Infrastructure ensure its controls for verifying that it receives electronic submissions on or before the procurement close are operating appropriately. Consequences of not taking action: Ineffective controls over the receiving of submissions increase the risk that Alberta Infrastructure may not accurately assess if it received proponent submissions on time, undermining the integrity and credibility of Alberta Infrastructure's procurement process. The absence of effective controls could result in unfair practices, which could lead to proponents pursuing legal action against Alberta Infrastructure.	June 2022, p. 13	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Procurement Processes: Improve access controls for procurement information systems We recommend the Department of Infrastructure improve its access controls for its procurement information systems. Consequences of not taking action: Without adequate access controls, there is a risk employees may access confidential information, including bid prices and evaluation information, and share that information inappropriately with proponents. The inappropriate sharing of confidential information could result in an unfair advantage, undermining the credibility and integrity of the procurement process.	June 2022, p. 14	Not Ready for Assessment
DEPARTMENT Procurement Processes: Improve submission evaluation controls We recommend the Department of Infrastructure improve its controls for: • verifying compliance with request for proposal requirements • identifying potential conflicts of interest • ensuring evaluation comments are adequately documented Consequences of not taking action: Alberta Infrastructure may not be able to demonstrate that its procurement practices are fair. Inconsistent practices can result in proponents being unfairly disqualified or potentially awarded contracts despite not meeting requirements. Even the perception of unfair practices could undermine the credibility of the procurement process and lead to legal action against Alberta Infrastructure, potentially resulting in financial and reputational consequences.	June 2022, p. 17	Not Ready for Assessment

Jobs, Economy and Trade

In this report, there are no new audit findings.

Status of recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations				Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Implemented	Changed Circumstance
0	3	3	3	0	0	3	0	0

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations
• Critical Worker Benefit Program—March 2023 › Complete payment verification processes	1
• Small and Medium Enterprise Relaunch Grant Program—November 2022 › Complete eligibility verification of approved applications	1
• Indigenous Economic Participation—May 2022 › Improve performance reporting process	1
Total	3

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
DEPARTMENT Critical Worker Benefit Program: Complete payment verification processes We recommend that the Department of Jobs, Economy and Trade, as program lead, coordinate and complete processes to verify approved critical workers received their benefit payment. Consequences of not taking action: The design of the program resulted in a significant program risk as payments were not made directly to the benefit recipient, as normally is done. If the department does not complete payment verification processes, it will not be able to provide reasonable assurance that critical workers approved for the benefit, received it.	March 2023, p. 11	Ready for Assessment
DEPARTMENT Small and Medium Enterprise Relaunch Grant Program: Complete eligibility verification of approved applications We recommend the Department of Jobs, Economy and Trade complete processes to verify the eligibility of approved applications. Consequences of not taking action: Without completing analysis of both high and low risk applications, the department cannot provide reasonable assurance the majority of program applications were valid and the applicants were eligible. In addition, the department does not have a complete picture of lessons learned that should be considered in designing and delivering future government grant programs.	November 2022, p. 98	Ready for Assessment

Recommendation	When	Status
DEPARTMENT Indigenous Economic Participation: Improve performance reporting process We recommend that the Department of Jobs, Economy and Trade improve its performance reporting process for its First Nations Training to Employment and Aboriginal Training to Employment programs by: • updating program performance measures and targets • analyzing program performance including the reporting it receives from funding recipients, to compare to user needs, planned results and program costs • reporting its analysis of program results and achievement of the ministry desired outcome, including lessons learned Consequences of not taking action: Without robust processes to measure, monitor and report on program results, management and stakeholders may not have the information they need to assess whether the programs are achieving planned results and to make decisions that support what's working well and identify the changes needed for what's not working well.	May 2022, p. 18	Ready for Assessment

Municipal Affairs

In this report, there are no new audit findings.

Status of Recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations				Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Implemented	Changed Circumstance
0	1	1	1	0	1	0	0	0

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations
• Flood Mitigation Systems Assessment of Implementation —March 2015 › Designate flood hazard area and complete floodway development regulation	1
Total	1

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
DEPARTMENT Flood Mitigation Systems: Designate flood hazard area and complete floodway development regulation To minimize public safety risk and to avoid unnecessary expenditure of public money, we recommend that: - the Department of Environment and Protected Areas identify flood hazard areas for designation by the minister - the Department of Municipal Affairs: - establish processes for controlling, regulating or prohibiting future land use or development to control risk in designated flood hazard areas - put in place processes to enforce the regulatory requirements Consequences of not taking action: Allowing development in floodways unnecessarily risks public safety and the public purse. Keeping people and infrastructure away from floodways is the most cost-effective approach to managing flood risk in areas where experts can predict water flows will be deepest, fastest and most destructive.	March 2015, no. 12, p. 80	Ready for Assessment

Public Safety and Emergency Services

In this report, we highlight two new recommendations to the department.

The following recommendations arise from our work performed on behalf of the audit of the Province of Alberta's Consolidated Financial Statements and the financial statement audit of Victims of Crime and Public Safety Fund.

NEW Recommendation

Department

NEW Recommendation:
Improve financial information preparation and reporting processes

We recommend that the Department of Public Safety and Emergency Services improve its financial information preparation and reporting processes by enhancing its quality control and review activities.

Context

The Department of Public Safety and Emergency Services (the department) is responsible for preparing accurate ministry financial information to be included in the Province of Alberta's Consolidated Financial Statements. Additionally, it is responsible for preparing financial statements for the Victims of Crime and Public Safety Fund (the fund). This financial information must comply with Canadian Public Sector Accounting Standards.

It also provides crucial data to management to support results analyses of their performance and reliable information for decision-making.

Effective processes to prepare and report financial information help to ensure reporting is complete, accurate, and reliable. These processes include preparing financial information and supporting working papers that are accurate and consistent with public sector accounting standards. They also include management review processes that critically analyze the information to detect errors, omissions, and other important matters.

Our findings

Key findings

The submitted ministry financial information and the fund's financial statements contained numerous errors that were not identified by the department.

The department's processes to ensure accounting treatments and note disclosures were appropriate did not operate as intended. For instance, we noted errors in the department's vacation accrual and contractual rights. Also, we noted a significant deviation from accounting standards in the initial submitted version of the fund's financial statements. The deviation related to an adjustment made directly to net assets, which required a significant amount of department staff's time to investigate how the adjustment arose, and how to correct it.

The department experienced significant restructuring in the October 2022 government reorganization. Some of the challenges to prepare the financial information stem from management not having properly transferred and closed off the old accounts after the reorganization.

Consequences of not taking action

Without effective and sustainable financial reporting processes, management may not have reliable financial information to base their decisions on. The risk of inaccurate financial information being supplied to users is substantially increased and there is more opportunity for potential fraud. Additionally, there are inefficiencies that result from ineffective financial reporting processes.

NEW Recommendation

Department

NEW Recommendation:
Improve grant management processes

We recommend that the Department of Public Safety and Emergency Services improve and consistently apply processes for the Guns and Gangs grant program to evaluate eligibility of potential recipients, monitor use of funds, and report on progress towards achieving the program's objectives.

Context

Organizations should have well-understood grant assessment processes to ensure funding approvals are completed consistently and appropriately applied to ensure recipients meet the program's eligibility criteria. Eligibility criteria must be clear, specific, and align to grant program objectives and there needs to be an impartial scoring and evaluation system. Management should have a feedback and review process to identify areas for improvement.

There should be a clear and consistent process to verify recipients use grant funds in accordance with the terms and conditions of the grant agreement. Monitoring the use of funds allows the department to ensure resources are used for activities that support the program's objectives and if not, allows for timely correction.

Evaluating results achieved, and why they varied from targets, is fundamental to learning whether the strategies and activities behind the department's grant programs worked as intended. Reporting and analyzing these differences and trends on an ongoing basis help management adjust the programs, if needed, to meet the program objectives.

An important element of accountability is reporting results from significant grant programs to Albertans, typically in the results analysis section of ministry annual reports. Effective results analysis allows Albertans to understand:

- grant program goals
- how much money was budgeted and spent
- what the money was spent on and the results

Our findings

Key findings

For the Guns and Gangs grant program the department does not have:

- clear and specific eligibility criteria
- a consistent evaluation process for assessing eligibility of potential grant recipients
- a standard monitoring process to ensure funds are used as intended by the grant recipients
- performance reporting to know if programs are achieving their objectives

As part of our audit of the ministry's financial information, we examined the department's grant processes for the Guns and Gangs program. The objective of this program is to combat the issue of guns and gang violence in communities across Alberta and it has an annual budget of \$10 million.

Eligibility assessment

In October 2018, at the onset of the Guns and Gangs grant program, the department identified six focus areas to determine how they would select organizations that would be eligible for funding under the program. These focus areas included organizations that offer services in gang prevention, engagement, training and collaboration, enforcement, gang exit strategies and related research. However, the focus areas were broadly defined and there are no clear and specific eligibility criteria for the department to use to assess and select eligible recipients.

In addition, we did not see evidence of an evaluation or scoring process to assess and approve the applications we tested.

Monitoring use of funds

Grant agreements require recipients to submit regular reporting of financial and non-financial information to the department. However, the department does not have a process to collect and review this information to monitor how the recipients use the funding and whether they have complied with the grant stipulations.

Performance reporting

The department does not have performance reporting for the Guns and Gangs program to know if the program is achieving its objectives.

Consequences of not taking action

Without clear and consistent grant processes the department may give funding to ineligible applicants, grant funds may not be used as intended by the recipients, and programs may not be achieving their objectives. Also, the ministry's financial information may not correctly report amounts due back where conditions of the grant agreements have not been met.

Status of recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations				Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Implemented	Changed Circumstance
2	2	4	0	4	2	2	1	0

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations
- Annual Summary of Ministry Audit Work—November 2024 - Improve financial information preparation and reporting processes - Improve grant management processes	2
- Provincial Hazard Assessment for Emergency Management—September 2020 - Implement a system to develop and maintain a provincial hazard assessment - Improve monitoring and reporting of recommendations from post-incident disaster reviews	2
Total	4

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
DEPARTMENT Annual Summary of Ministry Audit Work—November 2024: Improve financial information preparation and reporting processes We recommend that the Department of Public Safety and Emergency Services improve its financial information preparation and reporting processes by enhancing its quality control and review activities. Consequences of not taking action: Without effective and sustainable financial reporting processes, management may not have reliable financial information to base their decisions on. The risk of inaccurate financial information being supplied to users is substantially increased and there is more opportunity for potential fraud. Additionally, there are inefficiencies that result from ineffective financial reporting processes.	November 2024, p. 117	New

Recommendation	When	Status
DEPARTMENT Annual Summary of Ministry Audit Work—November 2024: Improve grant management processes We recommend that the Department of Public Safety and Emergency Services improve and consistently apply processes for the Guns and Gangs grant program to evaluate eligibility of potential recipients, monitor use of funds, and report on progress towards achieving the program's objective. Consequences of not taking action: Without clear and consistent grant processes the department may give funding to ineligible applicants, grant funds may not be used as intended by the recipients, and programs may not be achieving their objectives. Also, the department's financial information may not correctly report amounts due back where conditions of the grant agreements have not been met.	November 2024, p. 118	New
DEPARTMENT Provincial Hazard Assessment for Emergency Management: Implement a system to develop and maintain a provincial hazard assessment We recommend that the Department of Public Safety and Emergency Services implement a system to develop and maintain a provincial hazard assessment. Consequences of not taking action: Without an effective provincial hazard assessment system, the Government of Alberta may not be aware of its cumulative disaster risk exposure. It may not have the information necessary to identify its highest priority provincial hazards so that it can make informed, province-wide, evidence-based decisions. This could result in mitigation or preparedness efforts falling short. As a result, the Government of Alberta may not be investing in mitigation that meets provincial priorities. An ineffective provincial hazard assessment system could also result in the Government of Alberta incurring significant costs to respond to—and recover from—a disaster that it may have been able to mitigate or avoid. Incomplete or inadequate hazard assessments by ministries or local authorities may compromise the completeness and accuracy of the provincial hazard assessment system.	September 2020, p. 17	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Provincial Hazard Assessment for Emergency Management: Improve monitoring and reporting of recommendations from post-incident disaster reviews We recommend that the Department of Public Safety and Emergency Services improve the monitoring and reporting of recommendations from post-incident disaster reviews. Consequences of not taking action: Lessons identified in post-incident disaster reviews may not be implemented, or may not be implemented in a timely manner, resulting in missed opportunities to improve Alberta’s emergency management system.	September 2020, p. 18	Not Ready for Assessment

Seniors, Community and Social Services

In this report, there is a repeated recommendation to the department—see below.

REPEATED Recommendation

Department

REPEATED Recommendation:
Improve user access controls for all its information systems

We again recommend that the Department of Seniors, Community and Social Services improve access control processes for all its information systems to ensure:

- user access to application systems and data is properly authorized
- user access is disabled promptly when employees leave their employment or role

Context

In our November 2020 report,²⁹ we repeated the original recommendation from our October 2014 report³⁰ that the department improve access control processes for all its information systems.

System access controls are a cornerstone of data security. They ensure only authorized employees have access to systems, thereby protecting the integrity of the systems and applications including the data within. Effective access controls typically include procedures such as formal access and removal requests, timely access removal upon employee termination, periodic access monitoring by management, and appropriate segregation of duties.

Access to the Government of Alberta domain is required as a first line of defense for many systems and applications. Then departments mostly grant access to their systems with a second level of access. It is prudent to ensure both access levels are removed for terminated and transferred employees in a timely manner to mitigate the risk of unauthorized access. This risk is even higher when access to department systems is not terminated for individuals who are transferred within or between government departments because they maintain their overall government domain access.

Having active accounts for terminated or transferred employees also demonstrates that management may not be regularly reviewing who has what access to their systems and applications.

²⁹ *Report of the Auditor General—November 2020*, page 56.

³⁰ *Report of the Auditor General—October 2014*, no. 18, page 151.

Our current findings

Key findings

- The department did not remove terminated employees' access to IT applications promptly.

We audited the department's processes to manage its user access controls for its network and its IT applications that we deemed significant for financial reporting purposes.

We are repeating this recommendation because we continue to find user access exceptions.

Consequences of not taking action

Unauthorized individuals may access the department's systems and be able to use or change critical personal, business, and financial information. This could result in privacy breaches for the department or create opportunities for identity theft. If information in the financial systems was manipulated, this could impair the integrity of the department's financial reporting and results.

Status of recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations					Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Repeated	Implemented	Changed Circumstance
3	6	9	0	9	3	6	2	1	0

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations
• Annual Summary of Ministry Audit Work—November 2024 › Improve user access controls for all its information systems (originally October 2014; repeated November 2020 and November 2024)	1
• Processes to Assess and Manage the Condition of Affordable Housing—November 2024 › Maintain facility condition information › Improve oversight processes › Implement performance measures	3
• Income Support for Albertans Assessment of Implementation—March 2024 › Improve performance management processes (originally December 2019; repeated March 2024)	1
• Family Support for Children with Disabilities—May 2022 › Review and update guides to increase consistency › Further develop training processes to ensure staff have the necessary skills and knowledge › Increase consistency through effective oversight of caseworkers	3
• Control Systems at the Office of the Public Guardian and Trustee Assessment of Implementation—March 2022 › Improve and follow policies and procedures (originally February 2013; repeated March 2022)	1
Total	9

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
DEPARTMENT Annual Summary of Ministry Audit Work—November 2024 Improve user access controls for all its information systems We again recommend that the Department of Seniors, Community and Social Services improve access control processes for all its information systems to ensure: • user access to application systems and data is properly authorized • user access is disabled promptly when employees leave their employment or role Consequences of not taking action: Unauthorized individuals may access the department's systems and be able to use or change critical personal, business, and financial information. This could result in privacy breaches for the department or create opportunities for identity theft. If information in the financial systems was manipulated, this could impair the integrity of the department's financial reporting and results.	Repeated November 2024, p. 123 > Repeated November 2020 p. 56 > Originally reported October 2014, no. 18, p. 151	Not Ready for Assessment
DEPARTMENT Processes to Assess and Manage the Condition of Affordable Housing—November 2024 Maintain facility condition information We recommend that the Department of Seniors, Community and Social Services obtain complete and accurate information on the condition of its housing facilities. Consequences of not taking action: Without complete and accurate information on the state of its housing facilities, the department may not be able to keep the housing in adequate condition. Major maintenance issues may persist, and minor issues may become major and lead to higher repair or replacement costs in the future, creating safety concerns for tenants.	November 2024, p. 4	New

Recommendation	When	Status
DEPARTMENT Processes to Assess and Manage the Condition of Affordable Housing—November 2024: Improve oversight processes We recommend that the Department of Seniors, Community and Social Services improve its oversight processes by: • implementing an overall maintenance strategy • ensuring capital maintenance projects are prioritized consistently with supported rationale Consequences of not taking action: Without a department maintenance strategy, each operator must independently decide how to identify and manage maintenance needs. This can create inconsistencies in how facilities are maintained and operators may not identify priority maintenance needs to protect the useful life of the facilities and to keep tenants safe. Also, inconsistent ranking and selecting of projects by the department increase the risk that the highest priority capital maintenance projects are not selected, and facilities fall into disrepair, eventually increasing costs unnecessarily.	November 2024, p. 6	New
DEPARTMENT Processes to Assess and Manage the Condition of Affordable Housing—November 2024: Implement performance measures We recommend that the Department of Seniors, Community and Social Services implement performance measures to report on the condition of its housing facilities. Consequences of not taking action: Neither the department nor Albertans will know the extent of work required to improve or maintain provincially owned affordable housing facilities to ensure Albertans who need support are living in safe and adequately maintained housing.	November 2024, p. 7	New

Recommendation	When	Status
DEPARTMENT Income Support for Albertans Assessment of Implementation: Improve performance management processes We again recommend that the Department of Seniors, Community and Social Services improve its processes to measure and report on the Income Support program's performance. Consequences of not taking action: Without improved processes, management will not have enough information to evaluate program performance, make necessary improvements to ensure program outcomes are being achieved, and report to Albertans that the program is working as intended.	Repeated March 2024, p. 4 > Originally reported December 2019, p. 12	Not Ready for Assessment
DEPARTMENT Family Support for Children with Disabilities: Review and update guides to increase consistency We recommend the Department of Seniors, Community and Social Services review and update its guides to promote clarity and increase consistency when staff use judgment to assess needs and complete support planning. Consequences of not taking action: Eligible families should receive program supports and services based on their needs, not on who their caseworker is. But because guides, training, and oversight are inadequate, families may not receive the supports and services they qualify for.	May 2022, p. 6	Not Ready for Assessment
DEPARTMENT Family Support for Children with Disabilities: Further develop training processes to ensure staff have the necessary skills and knowledge We recommend the Department of Seniors, Community and Social Services further develop the program training and oversight processes to ensure staff obtain the necessary skills and knowledge to complete the assessment of needs and support planning consistently. Consequences of not taking action: Eligible families should receive program supports and services based on their needs, not on who their caseworker is. But because guides, training, and oversight are inadequate, families may not receive the supports and services they qualify for.	May 2022, p. 8	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Family Support for Children with Disabilities: Increase consistency through effective oversight of caseworkers We recommend the Department of Seniors, Community and Social Services improve caseworker oversight processes to increase the consistency of the assessment of needs and support planning process. Consequences of not taking action: Eligible families should receive program supports and services based on their needs, not on who their caseworker is. But because guides, training, and oversight are inadequate, families may not receive the supports and services they qualify for.	May 2022, p. 10	Not Ready for Assessment
OFFICE OF THE PUBLIC GUARDIAN AND TRUSTEE Control Systems at the Office of the Public Guardian and Trustee Assessment of Implementation: Improve and follow policies and procedures We recommend that the Office of the Public Guardian and Trustee: - review and assess whether its policies are appropriate, and procedures are adequate to mitigate the risk that client assets could be mismanaged - improve its processes for ensuring compliance with policies and procedures Consequences of not taking action: In instances where day-to-day trust administration activities and transactions do not comply with the Office's procedures and policies, there are two important consequences. The first is that the risk that client trust funds will not be administered properly is increased. The second is that it is much less efficient across the organization if work is not done correctly or completely the first time. Continually correcting errors after they have occurred instead of ensuring policies and processes are complied with in the first place puts undue stress on the organization's systems of internal control and the staff administering them.	Repeated March 2022, p. 33 › Originally reported February 2013, no. 4, p. 45	Not Ready for Assessment

Service Alberta and Red Tape Reduction

In this report, there is a new recommendation to the Alberta Gaming, Liquor and Cannabis Commission—see below.

NEW Recommendation

Alberta Gaming, Liquor and Cannabis Commission

NEW Recommendation:
Improve controls over liquor revenues

We recommend that the Alberta Gaming, Liquor and Cannabis Commission strengthen controls over liquor operations by:

- clarifying its guidance about different liquor categories to ensure consistency and fairness
- improving the processes over obtaining and reviewing small manufacturer declarations and verifying that correct markups are applied
- clarifying and restricting access permissions over markup master data to appropriate personnel, verifying changes are accurate, and retaining documentation of the review and approval

Context

The Alberta Gaming, Liquor and Cannabis Commission (AGLC) controls liquor products in Alberta. In 2023–2024, AGLC oversaw more than 35,000 products sold from more than 5,000 manufacturers.

AGLC adds a markup—AGLC adds a flat per-litre markup as a part of the wholesale price that liquor retailers pay to buy the products. AGLC reports this markup as its liquor revenue. The amount of the markup depends on the type of product and its alcohol content, and the manufacturers' annual production volumes. Some manufacturers can distribute directly to retailers and consumers and report their sales and remit the markup to AGLC. AGLC's Board approves³¹ these markups³² based on direction from the Government of Alberta.

Reduced markups for small manufacturers—small manufacturers declare their Annual Worldwide Production (AWP) by category, and qualify for reduced markups if their production is within certain thresholds. The lower markup is then effective for the following fiscal year. If AGLC does not receive a declaration, the standard markup applies.

³¹ The Minister of Service Alberta and Red Tape Reduction will set the prices and markup rates once the relevant sections of Bill 16 is proclaimed.

³² <https://aglc.ca/liquor/about-liquor-alberta/liquor-markup-rate-schedule>

Product registration and markups—these are key parts of AGLC’s system. Liquor manufacturers register their products online, and AGLC reviews them. AGLC’s current controls on markups include these actions:

- AGLC’s Board approves markups, staff setup and review changes to the markups in the liquor system
- Staff review new liquor product registrations before products can be sold
- Daily automated system checks identify potential errors, which staff review and resolve

Our findings

Key findings

We found the following weaknesses in AGLC liquor processes:

- application guidance for the refreshment beverage category isn’t sufficient to consistently apply it across declared production, product markup, and revenue reporting
- a reduced markup available to fruit wine and mead is being applied to all types of wine for small manufacturers
- controls over the receipt, review and validation of small manufacturers’ production declarations and their resulting markup needs improvement
- access permissions over changes to master data need improvement

We tested key controls and found no significant deficiencies with recording sales and tracking inventory, collecting amounts from retailers, and paying amounts to suppliers.

Refreshment beverage category needs better guidance

The variety of liquor products continues to grow. AGLC should clearly define, update, and maintain the categories of liquor and the markups that apply to each, and provide better guidance to suppliers on how to classify products into different categories. Ambiguity for either AGLC or suppliers may result in similar products being registered differently, with inconsistent markup or reporting.

The guidance for categorizing a refreshment beverage is open to interpretation. Specifically, the guidance for refreshment beverages versus spirits or beer needs clarification. For example, while AGLC classifies a cooler or liqueur with 11 per cent alcohol as a refreshment beverage, manufacturers may include it as a spirit production, and AGLC may report its sales as spirit revenue. In this example, inconsistencies may impact:

- Production declaration—manufacturers declare production volumes based on the category of production. Without clear, consistent guidance, one supplier of both spirits and refreshment beverages may declare the cooler or liqueur as producing spirits, while another with similar production may declare it as beverage production. This may qualify the two suppliers for different markups despite having similar production levels.
- Markup—the standard markup for refreshment beverages is \$4.51 per litre and for spirits is \$10.36 per litre (a 130 per cent premium) and will impact the product’s price.
- Reporting—AGLC reports liquor sales by category in its annual report and various internal reporting used by both management and stakeholders. If reporting doesn’t reflect the actual types of liquor being sold, it may affect decision-making such as manufacturers production and marketing strategies.

Reduced markup for some wine is applied to all wine from small manufacturers

The lower markup for small wine producers approved by the AGLC board of directors and published on the markup schedule is limited to fruit wine and mead. But AGLC applies this lower markup to all types of wine for small manufacturers. Management could not provide evidence that the board approved this.

Controls over small manufacturer declarations and markups need improvement

The number of small manufacturers applying for reduced markups has been steadily increasing over the years and although these sales are a small part of total liquor revenues, their significance is growing.

To ensure reduced markups are appropriately and consistently granted to small manufacturers, AGLC requires effective controls and verification of manufacturer reporting. Depending on the type of liquor, small manufacturer markups can be a lot lower than standard rates. For example, spirits with an alcohol volume between 22 and 60 per cent have a standard markup of \$13.76 per litre. But a small manufacturer may qualify for markups ranging from \$2.46 to \$13.76 per litre depending on their production levels.

AGLC tracks the declared production volumes for beer in its liquor systems but tracks the declared production volumes for all other categories in spreadsheets. As a result, AGLC manually enters the reduced markup for these other product categories into its liquor systems.

AGLC needs to improve its processes to:

- track declarations
- confirm markup value
- determine markup effective dates

Declarations: AGLC's tracking of declarations contains clerical errors such as inaccurate declaration years and effective dates. Other examples of errors include an inaccurate production volume, and an active declaration for an unregistered entity.

Value: While the thresholds in the published markup schedule for spirits are based on litres of absolute alcohol (LAA), AGLC requires small manufacturers to declare their production volumes in hectolitres of finished product. AGLC must convert the hectolitres to LAA using certain assumptions about the alcohol content of the product to determine which markup threshold applies for a small manufacturer. This resulted in two instances where AGLC did not apply the correct markup.

Effective dates: Declarations for non-beer production are tracked on a per-year basis with no indication of when they are effective. Without tracking effective dates, declarations that don't align with the standard effective dates, from April 1 through March 31, may be granted a reduced markup incorrectly. For example, two manufacturers received reduced markups from April 1, 2023, despite AGLC receiving their declarations in November 2023 and January 2024, several months after they were due.

In addition, AGLC granted a one-month extension for submission of the 2022 declarations (declarations applicable to sales in FY24). This changed the effective dates of the reduced markup from April 1, 2023 to May 1, 2023. AGLC did not retain documentation of the decision, approval, or communication of the extension.

Access permissions over changes to master data need improvement

Master data in AGLC's liquor systems describes the rate, sets the value of markup AGLC charges, and defines the systems' application rules. The liquor system automatically suggests a markup based on the product and then users manually select the markup associated with a liquor product. Access permissions to change the markup in the liquor systems should be restricted to only people authorized to make changes.

While AGLC limits access to liquor systems to staff in the liquor division, it does not have well-designed access permissions over the liquor master data. Also, AGLC is not limiting the access permissions to edit master data to authorized people only. This resulted in an accidental change to the description of a markup that informs users which markup to apply to products. AGLC found and corrected this error the same day, but it highlights the importance of preventive rather than detective controls.

Consequences of not taking action

AGLC may apply incorrect markups to liquor products reducing its revenue. Inconsistent markups may treat suppliers and manufacturers with similar products and production levels unfairly.

Status of recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations				Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Implemented	Changed Circumstance
1	0	1	0	1	0	1	0	0

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations	
	Department	AGLC
- Annual Summary of Ministry Audit Work—November 2024 - Alberta Gaming, Liquor and Cannabis Commission: Improve controls over liquor revenues	0	1
Total	0	1

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
ALBERTA GAMING, LIQUOR AND CANNABIS COMMISSION Annual Summary of Ministry Audit Work—November 2024: Improve controls over liquor revenues We recommend that the Alberta Gaming, Liquor and Cannabis Commission strengthen controls over liquor operations by: - clarifying its guidance about different liquor categories to ensure consistency and fairness - improving the processes over obtaining and reviewing small manufacturer declarations and verifying that correct markups are applied - clarifying and restricting access permissions over markup master data to appropriate personnel, verifying changes are accurate, and retaining documentation of the review and approval Consequences of not taking action: AGLC may apply incorrect markups to liquor products reducing its revenue. Inconsistent markups may treat suppliers and manufacturers with similar products and production levels unfairly.	November 2024, p. 131	New

Technology and Innovation

In this report, we highlight that:

- we are repeating a recommendation that the department improve user access controls—see below.
- the department has implemented a recommendation to assess risk and improve oversight—page 138.

REPEATED Recommendation

Department

REPEATED Recommendation:
Improve user access controls

We again recommend that the Department of Technology and Innovation remove terminated users' access to the government network and IT applications promptly.

Context

In 2021,³³ we recommended that the department strengthen its user access controls to ensure access rights to government network and IT applications are removed when the access is no longer required.

We repeat this recommendation because the department's controls, to ensure only authorized individuals have access to its network and IT applications, were not operating effectively.

Our current findings

Key finding

- The department did not remove former employees' access to government network and IT applications promptly.
- The department did not complete effective reviews of user access rights for several IT applications during the fiscal year.

We audited the department's processes to manage users' access to the government's IT network and IT applications that we deemed significant for financial reporting purposes.

³³ Report of the Auditor General—November 2021, page 136.

The department did not promptly remove network access for 13 out of 25 samples we tested. Five of the 13 accounts that were not removed from the network were used to log into the government's network after the account holders' employment ended with government. We asked management to investigate what data and information were accessed using these accounts, and management verified that these users mainly accessed their own employment data.

We also tested the access controls over 34 departmental IT applications that the department manages. The department did not promptly remove access rights of 48 employees in 11 IT applications when they left their employment. One of the 48 employees accessed an IT application after their employment ended, resulting in unauthorized access to the IT system.

The department did not complete effective reviews of user access rights for 12 IT applications during the fiscal year. For nine of the 12 IT applications, the department's review was limited to identifying terminated employees, but it did not validate whether users' access permissions were appropriate for their job functions. For three of the 12 applications, the department did not complete any review of user access rights during the audit period.

Consequences of not taking action

Not removing access rights of terminated employees from government network and IT applications creates non-compliance with government's IT policies and increases the risk of unauthorized access to government data and Albertans' personal information.

IMPLEMENTED Recommendation

Department

IMPLEMENTED Recommendation:
Protecting information assets: Assess risk and improve oversight

Context

Our 2012³⁴ audit examined if government knew what the risks were to public information assets, and if it had adequate IT security policies, procedures, standards, and controls to mitigate risks. Furthermore, we examined if government had implemented appropriate responsibilities and accountabilities set out for security of public information assets in government.

Public information assets include the large volume of information of Albertans that is created and collected on numerous devices and is processed and hosted in electronic form throughout the Government of Alberta.

We found that the government did not have a sufficient assurance mechanism to demonstrate it adequately protected public information assets, and more consistent corporate oversight was needed across government to ensure public information assets are adequately protected.

³⁴ Report of the Auditor General—October 2012, no. 11, page 62.

Our current findings

The department has implemented an Information Management Technology (IMT) security risk management practice to manage IT security risks within government. We examined the risk management processes that the department implemented to identify, track, and monitor the IT security risks within government. We noted that the department systematically monitors and manages the IT security risks through its risk register. We found that the department completed the risk assessment of public information assets within government and implemented adequate processes to manage the resulting risks in accordance with its IMT security risk management practice.

We also examined the IT security policies and controls that the department implemented to mitigate risks to its information assets. We found that the department has outlined basic security requirements within government through its Information Security Management Directives (ISMD) and it has designed and implemented a cybersecurity control framework including key controls to mitigate risks to public information assets within government. The department implemented adequate IT security policies and controls to mitigate risks.

The department's cybersecurity division is responsible and accountable for ensuring that public information assets are adequately protected in accordance with its IT security controls. We examined the quarterly control maturity self-assessments that the cybersecurity division completes, and we noted that these assessments cover key controls to protect information assets within government. The department has implemented adequate processes to monitor and mitigate compliance with its security requirements.

Status of recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations					Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Repeated	Implemented	Changed Circumstance
4	2	6	0	6	0	6	1	1	0

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations	
	Department	Alberta Innovates
• Annual Summary of Ministry Audit Work—November 2024 › Department: Improve user access controls (originally November 2021, repeated November 2024)	1	0
• Alberta.ca Account—July 2024 › Test automated controls › Strengthen data encryption controls › Improve program onboarding and governance practices › Enhance monitoring of systems	4	0
• Processes to Report on Value Generation—November 2021 › Alberta Innovates: Improve processes to measure, monitor and report value generated by research and innovation activities	0	1
Total	5	1

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
DEPARTMENT Annual Summary of Ministry Audit Work—November 2024: Improve user access controls We again recommend that the Department of Technology and Innovation remove terminated users’ access to the government network and IT applications promptly. Consequences of not taking action: Not removing access rights of terminated employees from government network and IT applications creates non-compliance with government’s IT policies and increases the risk of unauthorized access to government data and Albertans’ personal information.	Repeated November 2024, p. 137 › Originally reported November 2021, p. 136	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Alberta.ca Account: Test automated controls We recommend that the Department of Technology and Innovation periodically test its automated controls to ensure they are operating as intended. Consequences of not taking action: When automated controls are not reviewed and do not function properly, errors in the verification process and account management may occur, leading to users maintaining verified accounts longer than they should or accounts not being deactivated when unused. This can lead to increased risk of identity theft as these dormant accounts can be exploited, ultimately eroding trust in the service.	July 2024, p. 5	Not Ready for Assessment
DEPARTMENT Alberta.ca Account: Strengthen data encryption controls We recommend that the Department of Technology and Innovation strengthen its data encryption controls. Consequences of not taking action: Storing information without encryption or using weak encryption methods increases the impact of data breaches and unauthorized access to information.	July 2024, p. 5	Not Ready for Assessment
DEPARTMENT Alberta.ca Account: Improve program onboarding and governance practices We recommend that the Department of Technology and Innovation improve program onboarding and governance practices by ensuring completion and formal review of onboarding documents, developing a risk assessment process for service integration, and defining roles and responsibilities. Consequences of not taking action: Inadequate vetting of programs may lead to greater security vulnerabilities and reduced functionality among systems, reducing both program and user experience. It can also undermine trust in the service and lead to a lack of accountability when issues arise.	July 2024, p. 9	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Alberta.ca Account: Enhance monitoring of systems We recommend that the Department of Technology and Innovation enhance monitoring practices for all Alberta.ca Account systems. Consequences of not taking action: Cybersecurity incidents and system errors may go undetected for a long time. This could expose confidential data and cause system failures, making Alberta.ca Account and government programs and services that use it unavailable.	July 2024, p. 10	Not Ready for Assessment
ALBERTA INNOVATES Processes to Report on Value Generation: Improve processes to measure, monitor and report value generated by research and innovation activities We recommend that Alberta Innovates improve its performance reporting processes by: • establishing targets for its corporate, program and project performance measures • analyzing its corporate, program, and project results to targets and to the costs to achieve the results • reporting, internally and externally, the value generation results from all research and innovation activities including the contribution to government desired outcomes Consequences of not taking action: Alberta Innovates may not be able to demonstrate whether its activities are maximizing its contribution to achieving the government's research and innovation goals and achieving the corporation's legislative mandate.	November 2021, p. 180	Not Ready for Assessment

Transportation and Economic Corridors

In this report, there are two new recommendations to the department—see below.

NEW Recommendation

Department

NEW Recommendation:
Improve processes and internal controls over financial reporting

We recommend that the Department of Transportation and Economic Corridors improve its processes and internal controls over financial reporting to ensure the quality of financial information.

Context

The Department of Transportation and Economic Corridors (the department) is responsible to prepare timely and accurate ministry financial information and provide it to the Office of the Controller to be included in the Province of Alberta's Consolidated Financial Statements. The information must meet Canadian Public Sector Accounting Standards. Management must implement and maintain effective processes and internal controls, which include IT systems, over financial reporting to prevent and detect errors.

Our findings

Key findings

The department did not prepare:

- accurate financial information and supporting working papers for all items
- sufficient and proper analysis of new and emerging accounting matters

The department has processes and internal controls over financial reporting. But they do not always prevent and detect errors. There were no errors in the disbursement of cash.

Inaccurate financial information and supporting working papers

The department prepared inaccurate financial information and supporting working papers in some instances. And its review processes and controls did not identify the errors in its grant accruals, contractual obligations, and accounting for costs as either capital or operating. The department subsequently corrected these errors.

Inadequate analysis of new and emerging accounting matters

The department's review and conclusions on specific accounting issues did not consider a few key items. Procedures designed to ensure proper accounting treatment did not function as intended. For example:

- when the department adopted the new public-private partnerships (P3s) standard, its review processes did not identify \$512 million of the private sector partner's repayment of short-term debt that was incorrectly included in the calculation of the capital costs of P3 assets. Plus, it did not sufficiently analyze and support the almost zero per cent discount rate it calculated that was not reasonable due to the error. Management later corrected the error.
- the department did not consider that bridges may have asset retirement obligations associated with them.³⁵ After our inquiries, management assessed them and concluded certain bridges have lead paint that needs special handling and recorded estimated costs of \$21.7 million. But it did not consider that other bridges with creosote-treated wood also need special handling. Management said it will collect information during future bridge inspections to determine the nature and extent of the issues and to calculate a reasonable estimate.

Consequences of not taking action

The department faces unnecessary risk of errors in its financial information and may not correctly portray to the public the financial results of its business activities.

NEW Recommendation

Department

NEW Recommendation:
Improve asset accounting processes

We recommend that the Department of Transportation and Economic Corridors:

- evaluate its approach to account for assets and implement processes and controls to ensure compliance with accounting standards
- use the accounting system's capabilities and reporting to track and account for project costs
- implement a process to reconcile bridge information in its accounting and operational systems and adjust them

³⁵ Legal obligation to remove or retire a capital asset once it reaches the end of its useful life. This also includes removing hazardous materials such as asbestos and lead.

Context

The department has a large, diverse, and complex group of assets made up of highways, bridges, vehicle inspection stations, and land used for highway maintenance yards. The total book value of these is \$23 billion on March 31, 2024. The department also builds and repairs dams and water-management structures for Agriculture and Irrigation.

Several factors complicate the accounting of the department's assets:

- There may be different ways to account for assets with significant components: they could be accounted for as separate assets (such as a bridge support and a bridge deck) or grouped together into one asset (a bridge). When the department accounts for one asset and removes a significant component of it (for example, replacing a bridge deck) accounting standards require the department to write off the remaining value of the replaced component.
- The department uses considerable judgment to assess the amortization period—the useful life—after which the asset has no more value under accounting standards. But the value of significant components may decline at different rates. For example, the overlay surface of a highway must be replaced more often than the base and foundation levels, as the surface has a shorter useful life.
- The department builds, rehabilitates, and repairs many assets. It uses considerable judgment to determine if work improves the service potential of an asset (for example, twinning a highway) that is a capital cost or just maintains the original service potential of an asset (such as clearing debris from a culvert or fixing a bridge damaged by an oversized vehicle) that is an operating cost.

The department uses the Transportation Infrastructure Management System (TIMS) and related systems to track and maintain information about bridge structures such as the type and structure of each bridge, their location, physical conditions based on inspections, estimated replacement costs, and useful lives.

Our findings

Key findings

The department:

- can improve its accounting processes when it replaces significant components of its assets
- does not use its accounting system as designed for capital projects and capital assets, producing inefficiencies and increasing the risk of errors
- does not verify that bridge information in two systems matches to determine if adjustments are needed

The department has processes and controls to account for assets and associated operating costs. It also has a supplemental capital asset policy to support the government's capital asset policy. But some of its processes and controls are not efficient or effective.

Inadequate accounting processes when replacing significant components

When the department builds a new bridge, it groups the costs for the various significant components (piers, girders, deck, etc.) into one asset. The department amortizes new bridges over 75 years and older bridges over 50 years regardless of the useful life of the significant components of the bridge. For example, the support structure of a bridge lasts longer than the

deck, which in turn lasts longer than the expansion joints. When the department replaces the bridge deck, it would add these costs to the original costs of the bridge, and in some cases, adjust the remaining useful life of the bridge. Similarly, the department groups the costs of the various significant components of a new highway (subgrade, base, and pavement) and these components also have different useful lives. In practice, engineers evaluate the overall condition and each component separately.

The department does not have a process to estimate and write off the value of significant components of its assets that were removed, contrary to what accounting standards require. For example, the department replaces the bridge deck after 45 years and correctly adds its cost to the original costs of the bridge. But five years of value for older bridges are still left in the original deck that is no longer there. Without a process to remove this value, the department's assets in the financial information are higher than they should be, causing inaccurate financial information.

The department could account for the costs of each significant component according to its useful life so that the book value of the replaced component would be zero, or close to zero, when it is replaced. This approach may be more efficient as it can use the accounting system to eliminate a manual process needed to track and estimate the amount to write off under the current approach. The department has not analyzed this option nor implemented processes and controls to write off remaining values of significant components of its assets that were removed to meet accounting standards.

Accounting system not used as designed

The department is not fully using its accounting system's capabilities and reporting functions similar to other departments with significant capital projects and assets. The process to setup projects as capital or operating uses more manual and inefficient processes, such as Excel, which are prone to errors. For example, the department:

- sometimes incorrectly recorded operating costs as part of a capital asset because of how it sets up projects in its accounting system; it should have expensed them as operating costs
- sometimes starts amortizing assets at the wrong time—when they are still being built or long after they have been built. For example, every month the department would start amortizing the costs of a highway twinning project incurred that month even though the highway was still being built (amortizing should start when an asset is ready to use).
- transferred an asset to Agriculture and Irrigation only several years after it was ready to use
- has difficulty supporting the cost of each of the assets under construction because it doesn't use the system's capabilities and reports

No reconciliation that bridge information in two systems matches

The department does not have a process to verify that information on bridges in its accounting system matches information in TIMS and if any adjustments are needed. So, the number of bridges in the accounting system does not match the number in TIMS. Management could not explain why. The department should reconcile the information to verify it is accounting for all bridges or to identify if it should write some off.

Consequences of not taking action

The department's current processes are inefficient and may result in inaccurate financial information.

Status of recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations				Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Implemented	Changed Circumstance
4	5	9	3	6	0	9	0	0

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations
Annual Summary of Ministry Audit Work—November 2024 › Improve processes and internal controls over financial reporting › Improve asset accounting processes	2
Highway Maintenance Contracts—November 2024 › Ensure contractors meet their requirements › Improve guidance and processes to administer extra work	2
Procurement Processes—December 2023 › Improve controls for posting periods › Improve documentation controls › Improve access controls for procurement information systems	3
Processes to Provide Information About Government's Environmental Liabilities—June 2021 › Improve processes to assess, estimate and account for environmental liabilities › Improve processes to ensure compliance with environmental legislation	2
Total	9

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
DEPARTMENT Annual Summary of Ministry Audit Work—November 2024: Improve processes and internal controls over financial reporting We recommend that the Department of Transportation and Economic Corridors improve its processes and internal controls over financial reporting to ensure the quality of financial information. Consequences of not taking action: The department faces unnecessary risk of errors in its financial information and may not correctly portray to the public the financial results of its business activities.	November 2024, p. 143	New
DEPARTMENT Annual Summary of Ministry Audit Work—November 2024: Improve asset management and recording processes We recommend that the Department of Transportation and Economic Corridors: • evaluate its approach to account for assets and implement processes and controls to ensure compliance with accounting standards • use the accounting system's capabilities and reporting to track and account for project costs • implement a process to reconcile bridge information in its accounting and operational systems and adjust them Consequences of not taking action: The department's current processes are inefficient and may result in inaccurate financial information.	November 2024, p. 144	New
DEPARTMENT Highway Maintenance Contracts—November 2024: Ensure contractors meet their requirements We recommend that the Department of Transportation and Economic Corridors improve its monitoring processes to ensure contractors meet requirements. Consequences of not taking action: The department cannot demonstrate that, or know if, it got what it paid for unless it knows the results of contractors' work. It may rely too much on contractors to verify that they complete their work appropriately.	November 2024, p. 7	New

Recommendation	When	Status
DEPARTMENT Highway Maintenance Contracts—November 2024: Improve guidance and processes to administer extra work We recommend that the Department of Transportation and Economic Corridors improve its guidance and processes to administer extra work. Consequences of not taking action: The department risks financial penalties and a loss of public and industry confidence if it violates trade agreements. And the department may pay more than it should for extra work.	November 2024, p. 8	New
DEPARTMENT Procurement Processes: Improve controls for posting periods We recommend that the Department of Transportation and Economic Corridors improve its controls to ensure solicitation posting periods comply with trade agreement requirements. Consequences of not taking action: The department may not be posting solicitations with a reasonable amount of time for proponents to prepare and submit bids, based on trade agreement requirements. If these requirements are not being met, the department could face financial or other penalties or reputational damage from resulting actions. If proponents do not have adequate time to prepare their submission, they may not submit a proposal resulting in less competition or they may price this risk into their bid.	December 2023, p. 194	Ready for Assessment
DEPARTMENT Procurement Processes: Improve documentation controls We recommend that the Department of Transportation and Economic Corridors ensure it has adequate controls to document support for its shortlisting and award decisions, including key procurement information. Consequences of not taking action: Without proper documentation or records, the department may not be able to demonstrate its procurement practices and award decisions are fair. If challenged, the department could face legal, financial or reputational damage if it cannot produce adequate support for its shortlisting or contract award decisions.	December 2023, p. 197	Ready for Assessment

Recommendation	When	Status
DEPARTMENT Procurement Processes: Improve access controls for procurement information systems We recommend that the Department of Transportation and Economic Corridors improve its access controls for its procurement information systems. Consequences of not taking action: Without adequate access controls, there is a risk that confidential information, including bid prices and evaluation information, could be accessed and shared inappropriately with proponents. The inappropriate sharing of confidential information could result in an unfair advantage, undermining the credibility and integrity of the procurement process.	December 2023, p. 198	Ready for Assessment
DEPARTMENT Processes to Provide Information About Government's Environmental Liabilities: Improve processes to assess, estimate and account for environmental liabilities We recommend that the Department of Transportation and Economic Corridors improve its processes to assess, estimate and account for environmental liabilities related to its sand and gravel pits and highway maintenance yards. Consequences of not taking action: The department may not accurately account for environmental liabilities, resulting in the province's financial statements not reflecting the total environmental liabilities of the province. Decision-makers need this information to know the resources required to comply with environmental legislation and in order to protect people and the environment.	June 2021, p. 16	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Processes to Provide Information About Government's Environmental Liabilities: Improve processes to ensure compliance with environmental legislation We recommend that the Department of Transportation and Economic Corridors improve its processes to comply with environmental legislation at highway maintenance yards. Consequences of not taking action: By not complying with legislation, the department may not take appropriate actions to clean up or manage environmental risks at sites for which it is responsible.	June 2021, p. 18	Not Ready for Assessment

Treasury Board and Finance

In this report, there are no new findings to the department.

Status of recommendations (since December 2023)

New	Outstanding	Total	Status of Recommendations					Closed Recommendations	
			Ready for Assessment	Not Ready for Assessment	Not Implemented	>3 Years	<3 Years	Implemented	Changed Circumstance
0	7	7	5	1	1	7	0	0	0

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations	
	Department	Public Service Commission
• Reporting Performance Results to Albertans Assessment of Implementation—November 2024 › Results Analysis Performance (originally July 2014, repeated August 2019, Not Implemented November 2024)	1	0
• Public Agency Board Member Recruitment and Selection—August 2019 › Public Service Commission: Improve information systems to monitor process outcomes	0	1
• Economy and Efficiency of Cash Management—February 2016 › Evaluate cash management for efficiency and economy › Develop policies to prevent early payment of grants and an accumulation of large cash balances › Implement and use information technology to manage cash › Use leading banking and related practices and evaluate cost benefits of bank accounts › Improve policies for payments	5	0
Total	6	1

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
PUBLIC SERVICE COMMISSION Public Agency Board Member Recruitment and Selection: Improve information systems to monitor process outcomes We recommend that the Public Agency Secretariat: - consolidate information systems used to track competitions and appointments - develop reports that can be used by departments to measure and monitor upcoming and existing board vacancies, the status of open competitions, and metrics on board continuity Consequences of not taking action: Data can be better used to identify existing and pending vacancies and prioritize appointments based on risk.	August 2019, p. 19	Ready for Assessment
DEPARTMENT Economy and Efficiency of Cash Management: Evaluate cash management for efficiency and economy We recommend that the Department of Treasury Board and Finance: - evaluate how it can use excess liquidity within government-controlled entities to reduce government debt and minimize borrowing costs, and implement mechanisms to utilize excess liquidity - evaluate the Consolidated Cash Investment Trust Fund and pursue opportunities to increase its use or modify its current structure to ensure it remains a relevant cash management tool Consequences of not taking action: Inefficient and uneconomical cash management systems increase debt, interest, and administration costs.	February 2016, no. 8, p. 77	Ready for Assessment

Recommendation	When	Status
DEPARTMENT Economy and Efficiency of Cash Management: Develop policies to prevent early payment of grants and an accumulation of large cash balances We recommend that the Department of Treasury Board and Finance issue policies and guidance for departments to monitor the working capital needs of government-controlled entities to ensure departments only provide cash when needed. Consequences of not taking action: Providing cash to entities before they need it or allowing them to accumulate large cash balances increases provincial debt and debt costs.	February 2016, no. 9, p. 79	Ready for Assessment
DEPARTMENT Economy and Efficiency of Cash Management: Implement and use information technology to manage cash We recommend that the Department of Treasury Board and Finance implement an integrated treasury management system to manage treasury functions and processes, including government-wide cash pooling and management. Consequences of not taking action: Lack of information technology creates inefficiencies, inaccurate and stale information, and too many manual processes that increase errors and costs. It also prevents Treasury Board and Finance from managing cash efficiently and economically across government.	February 2016, no. 10, p. 82	Ready for Assessment
DEPARTMENT Economy and Efficiency of Cash Management: Use leading banking and related practices and evaluate cost benefits of bank accounts We recommend that the Department of Treasury Board and Finance work with departments to implement leading banking practices and evaluate the benefits of existing bank accounts compared to the costs of administering them, and make changes where the costs exceed the benefits. Consequences of not taking action: Government is missing opportunities by not using leading banking practices.	February 2016, no. 11, p. 85	Ready for Assessment

Recommendation	When	Status
DEPARTMENT Economy and Efficiency of Cash Management: Improve policies for payments We recommend that the Department of Treasury Board and Finance: - periodically analyze payment data to identify non-compliance with policies and seek opportunities for improvements - ensure that cost recoveries between government entities consider costs and benefits, and a transaction threshold Consequences of not taking action: When government does not use best practices for payment policies, terms, and methods, it is missing opportunities to operate in the most efficient and economical way.	February 2016, no. 12, p. 86	Not Ready for Assessment

Not Implemented Recommendation

This recommendation previously accepted by the government is now marked as Not Implemented because the department has informed the auditor general that it no longer plans to implement it. It will remain part of our total outstanding recommendations list.

Treasury Board and Finance

Recommendation	When	Status
DEPARTMENT Reporting Performance Results to Albertans Assessment of Implementation: Results Analysis Performance This is a two-part recommendation. - We recommended that the department implement: - guidance and training for ministry management to identify, analyze and report on results in ministry annual reports - processes to monitor ministry compliance with results analysis reporting standards Since 2019, the department has improved processes related to performance reporting guidance and training. However, the department informed us that it will not be implementing our recommended compliance monitoring process. It has indicated that there is no current government directive to monitor whether ministries are complying with reporting standards. The department further states it doesn't have the authority to monitor ministries compliance with reporting standards.	November 2024, p. 1 > Repeated August 2019, p. 12 > Originally reported July 2014, no. 1, p. 19	Not Implemented



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