

Auditor General OF ALBERTA



Brandon Lunty, MLA Chair Standing Committee on Legislative Offices

On behalf of my office, I am transmitting the Audit of the 2024-2025 Consolidated Financial Statements of the Province of Alberta and Annual Summary of Ministry Audit Work report 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 December 2025

Report Contents

Report Highlights	1
Annual Summary of Recommendations	3
Summary of Public Reporting (Since November 2024)	8
Audit of the 2024-2025 Consolidated Financial Statements of the Province of Alberta	_ 15
Annual Summary of Ministry Audit Work	_ 29
Introduction	_ 31
Advanced Education	_ 33
Agriculture and Irrigation	_ 43
Assisted Living and Social Services	_ 47
Children and Family Services	_ 51
Education and Childcare	_ 53
Summary of 2024 Financial Audit Results of School Jurisdictions in Alberta	_ 57
Energy and Minerals	_ 67
Environment and Protected Areas	_ 75
Forestry and Parks	_ 85
Health	_ 89
Hospital and Surgical Health Services	101
Indigenous Relations	103
Infrastructure	105
Jobs, Economy, Trade and Immigration	109
Municipal Affairs	111
Primary and Preventative Health Services	115
Public Safety and Emergency Services	119
Service Alberta and Red Tape Reduction	127
Technology and Innovation	129
Transportation and Economic Corridors	135
Treasury Board and Finance	139
A P A P CC 337 A P.	1 11

Report Highlights

The work of the Auditor General of Alberta improves performance and promotes accountability within government. We make recommendations that can lead to better outcomes, better services, and better programs for Albertans. As an independent, nonpartisan Office of the Legislature, we play a vital role in the democratic system—providing objective, credible information on how public money is managed and how government programs are delivered.

This report is prepared in accordance with the *Auditor General Act*, which requires the Auditor General to report annually to the Legislative Assembly on the audit of the Province of Alberta's consolidated financial statements and related financial matters.

In this December 2025 Report of the Auditor General, you will find:

- a summary of recommendations made by the Auditor General since November 2024
- the Audit of the 2024-2025 Consolidated Financial Statements of the Province of Alberta
- provide details on new recommendations and assessments of implementation resulting from our ministry audit work to support the province's consolidated financial statements
- financial audit results from Alberta's school jurisdictions

Together, these findings provide a clear picture of how public resources are being managed—and where improvements are needed.

Annual Summary of Recommendations

The report begins with our Annual Summary of Recommendations (page 3), followed by a full list of recommendations made and implemented during the year (page 8).

In our financial statement and performance audits, we issue recommendations to help improve the economy, efficiency, and effectiveness of government programs and processes we audit. But the true value of our work is realized only when those recommendations are acted upon. That is why we track their status and assess whether they have been implemented.

We serve as a trusted advisor to the Standing Committee on Public Accounts (PAC) in its review of government spending. Composed of Members of the Legislative Assembly (MLAs) from all political parties, our reports are referred to the committee to help it examine how public funds have been managed and how the government has responded to our recommendations.

PAC plays a vital role in province's financial accountability system. It is to focus on value for money in the administration of government policy to help the Legislative Assembly hold government accountable for its spending and stewardship of public resources—ensuring transparency in how public funds are used.

Each ministry chapter in this report includes a list of recommendations we have made over the years which have not yet been implemented.

Audit of the 2024-2025 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, 2025 (page 15). This means Albertans can be confident that the province's financial statements are accurate, reliable, and prepared according to public sector accounting standards.

This year, a significant new accounting matter arose from a legal settlement with three major tobacco companies for healthcare related costs. We examined the terms of the settlement and the measurement of the revenue and receivable, and concluded that the province's accounting for this settlement was reasonable.

In addition to the tobacco settlement, our audit also focused on several areas that required significant attention due to their complexity, estimation uncertainty, or importance to the financial statements. These are referred to as key audit matters (KAMs). These included accounting for:

- environmental liabilities (page 22)
- pension liabilities (page 24)
- private equities, inflation-sensitive investments, and alternative investments (page 25)
- investments in and toll commitments related to the North West Redwater Partnership (page 26)
- personal income tax revenue (page 27)

Annual Summary of Ministry Audit Work

During the Audit of the 2024-2025 Consolidated Financial Statements of the Province of Alberta, we issued three new recommendations: improvements needed to financial statement preparation processes (page 111), meeting reporting requirements (page 119), and improving information technology controls (page 129). We also repeat one recommendation related to improving financial information preparation and reporting processes (page 120).

Summary of the 2024 Financial Audit Results of School Jurisdictions in Alberta

This report (page 57) summarizes the results of our review of audits conducted by independent auditors for all school jurisdictions in Alberta, as required under section 19(4) of the Auditor General Act. The purpose of summarizing the recommendations made to school jurisdictions is to identify trends across the sector.

Annual Summary of Recommendations

The following table summarizes our recommendations as of December 2025. It also notes the status of all outstanding recommendations, by ministry, including their respective reporting entities, as of November 30, 2025.

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 and management has supporting documentation ready to demonstrate to us that the improvements are being applied and are working effectively
- has not yet been implemented and is therefore not ready for our assessment

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

The ministry names reflect changes announced by the Alberta government on May 16, 2025.

		Status of Recommendations*			Closed Recommendations				
Ministry	Total	Ready for Assess- ment	Not Ready for Assess- ment	Not Imple- mented**	> 3 Years	< 3 Years	Repeated	Imple- mented	Changed Circumstance
Advanced Education	16	7	9	0	5	11	0	5	0
Affordability and Utilities	0	0	0	0	0	0	0	0	0
Agriculture and Irrigation	1	1	0	0	0	1	0	2	0
Arts, Culture and Status of Women	0	0	0	0	0	0	0	0	0
Assisted Living and Social Services	6	0	6	0	3	3	0	3	0
Children and Family Services	2	0	2	0	2	0	1	2	0
Education and Childcare	4	0	4	0	0	4	0	3	0
Energy and Minerals	10	8	2	0	1	9	0	0	0
Environment and Protected Areas	13	2	9	2	9	4	0	4	0
Forestry and Parks	5	2	3	0	4	1	0	0	0
Health	16	2	14	0	6	10	0	0	0
Hospital and Surgical Health Services	3	0	3	0	0	3	0	0	0
Indigenous Relations	1	1	0	0	0	1	0	0	0
Infrastructure	4	4	0	0	0	4	0	0	0
Jobs, Economy, Trade and Immigration	2	0	2	0	0	2	0	1	0
Justice	0	0	0	0	0	0	0	0	0
Mental Health and Addiction	0	0	0	0	0	0	0	0	0
Municipal Affairs	2	0	1	1	1	1	0	0	0
Primary and Preventative Health Services	7	0	7	0	0	7	0	0	0
Public Safety and Emergency Services	5	0	5	0	2	3	1	0	0
Service Alberta and Red Tape Reduction	1	0	1	0	0	1	0	0	0
Technology and Innovation	7	0	7	0	2	5	0	0	0
Tourism and Sport	0	0	0	0	0	0	0	0	0
Transportation and Economic Corridors	6	0	6	0	2	4	0	3	0
Treasury Board and Finance	1	0	0	1	1	0	0	5	1
Executive Council	0	0	0	0	0	0	0	0	0
Legislative Assembly Office and Offices of the Legislative Assembly	0	0	0	0	0	0	0	0	0
Total	112	27	81	4	38	74	2	28	1

^{*} Includes new recommendations.

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).

^{**} These recommendations previously accepted by the government are now marked as Not Implemented because the department has informed the Auditor General that it no longer plans to implement them. They will remain part of our total outstanding recommendations list.

Not Implemented Recommendations

These recommendations previously accepted by the government are now marked as Not Implemented because the department has informed the Auditor General that it no longer plans to implement them. They will remain part of our total outstanding recommendations list.

Environment and Protected Areas

Recommendation	When	Status
DEPARTMENT Mine Financial Security Program:	December 2025, p. 4	Not Implemented
 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 We assess this recommendation as not implemented because the MFSP calculation method continues to overstate the economic value of mining assets. The department stated it will not make substantive changes to this method in the future. While the department asserts the method and calculated values are reasonable and that the MFSP is functioning as intended, we found no evidence to support these claims. 	 Unsatisfactory progress June 2021, p. 29 Originally reported July 2015, no. 2, p. 29 	Recommendation is older than three years (>3)
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.		

Environment and Protected Areas and Municipal Affairs

Recommendation	When	Status
DEPARTMENT Flood Mitigation Systems:	December 2025, p. 3	Not Implemented
Designate flood hazard areas and complete floodway development regulation	March 2015, no. 12, p. 80	Recommendation is older than three years (>3)
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		
We assess this recommendation as not implemented because the risks that prompted it remain unaddressed. The departments stated they will not implement the recommendation and will instead rely on existing measures to mitigate flood hazard risks. However, they provided no evidence of these measures' effectiveness and have no plans to monitor outcomes. Municipal Affairs also declined to provide its risk analyses, citing privilege, leaving our report incomplete on a matter critical to public interest.		
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.		

Treasury Board and Finance

Recommendation	When	Status
DEPARTMENT	November 2024,	Not Implemented
Reporting Performance Results to Albertans Assessment of Implementation:	p. 1	Recommendation
Results analysis performance	Nepeated August 2019, p. 12	is older than three years (>3)
We recommended that the department implement:		
 processes to monitor ministry compliance with results analysis reporting standards 	Originally reported July 2014, no. 1,	
The department informed us that it will not be implementing our recommendation. 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.	p. 19	
Consequences of not taking action: Meaningful results analysis reporting is critical to the government demonstrating its stewardship of Alberta's resources. In the absence of quality results analysis reporting, Albertans will not receive sufficient information to assess whether government programs are achieving desired results, and at what cost.		

Summary of Public Reporting (Since November 2024)

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 exist.
- NOT IMPLEMENTED Recommendation: After accepting a recommendation, management asserts it will not implement process improvements even though the associated risk still exists.
- PROGRESS Recommendation: We provide a progress report when we consider it useful for Members of the Legislative Assembly to understand management's progress in implementing our recommendations.

Advanced Education

Report on Post-secondary Institutions 2024—March 2025

Bow Valley College

NEW Recommendation: Improve purchasing processes—page 8

Alberta University of the Arts

 IMPLEMENTED Recommendation: Implement processes for testing and monitoring the effectiveness of internal controls—page 10

Lakeland College

● IMPLEMENTED Recommendation: Improve user access controls—page 10

Medicine Hat College

IMPLEMENTED Recommendation: Implement processes for testing and monitoring the effectiveness of internal controls—page 11

Northwestern Polytechnic

IMPLEMENTED Recommendation: Improve internal controls over information technology environment—page 11

Accessibility to Post-secondary Education—December 2025

Department

- NEW Recommendation: Improve processes to analyze post-secondary accessibility measures—page 4
- NEW Recommendation: Improve post-secondary sector accessibility reporting—page 6

Annual Summary of Ministry Audit Work—December 2025

Department

■ IMPLEMENTED Recommendation: Improve process to estimate the allowance for uncollectable student loans—page 33

Agriculture and Irrigation

Annual Summary of Ministry Audit Work—December 2025

Agriculture Financial Services Corporation

- IMPLEMENTED Recommendation: Develop a process to manage the risks of using cloud computing—page 43
- IMPLEMENTED Recommendation: Improve process to ensure compliance with Agrilnsurance policies and procedures—page 44

Assisted Living and Social Services

Family Support for Children with Disabilities—December 2025

Department

- O IMPLEMENTED Recommendation: Review and update guides to increase consistency—page 2
- **IMPLEMENTED Recommendation**: Further develop training processes to ensure staff have the necessary skills and knowledge—page 3
- IMPLEMENTED Recommendation: Increase consistency through effective oversight of caseworkers—page 4

Children and Family Services

Systems to Deliver Child and Family Services to Indigenous Children in Alberta—July 2025

Department

- REPEATED Recommendation: Enhance early support services—improve reporting on effectiveness of early support services—page 3
- IMPLEMENTED Recommendation: Ensure a child-centred approach—page 5
- IMPLEMENTED Recommendation: Strengthen intercultural understanding—page 9

Education and Childcare

School Authority Compliance with Annual Reporting Requirements— **March 2025**

Department

- **NEW Recommendation:** Improve the execution of the annual report assessment process page 6
- **NEW Recommendation:** Improve the execution of the annual report correction process page 7

Child Care Subsidy and Grants Program—July 2025

Department

- **NEW Recommendation:** Verify accuracy of child care operator claims—page 5
- **NEW Recommendation:** Verify child care operators use program funding as required—page 5

Systems to Improve Student Attendance in Northland School Division— December 2025

Northland School Division

- IMPLEMENTED Recommendation: Develop a plan to improve student attendance—page 2
- IMPLEMENTED Recommendation: Monitor and enforce student attendance—page 3

Department

IMPLEMENTED Recommendation: Oversight by the department—page 5

Environment and Protected Areas

Flood Mitigation Systems—December 2025

Department

- **NOT IMPLEMENTED**: Designate flood hazard areas and complete floodway development regulation—page 3
- IMPLEMENTED Recommendation: Update flood hazard maps and mapping guidelines page 7
- IMPLEMENTED Recommendation: Assess flood risks—page 8
- **IMPLEMENTED Recommendation**: Enhance flood mitigation project assessments—page 9

Mine Financial Security Program—December 2025

Department

NOT IMPLEMENTED: Improve program design—page 4

Annual Summary of Ministry Audit Work—December 2025

Department

 IMPLEMENTED Recommendation: Improve financial information preparation and reporting processes—page 75

Health

Primary Care Networks—March 2025

Department

- PROGRESS Recommendation: Evaluate PCN effectiveness—page 2
- PROGRESS Recommendation: Inform Albertans of PCN services—page 4

Hospital and Surgical Health Services

An Examination of Community Laboratory Services (Contract with DynaLIFE)—November 2025

Department

- **NEW Recommendation**: Follow procurement processes—page 6
- **NEW Recommendation**: Improve records management processes—page 6

AHS Performance Reporting—December 2025

Acute Care Alberta

NEW Recommendation: Develop policy and procedure and resolve control weaknesses—page 11

Jobs, Economy, Trade and Immigration

Small and Medium Enterprise Relaunch Grant Program—July 2025

Department

 IMPLEMENTED Recommendation: Complete processes to verify the eligibility of approved recipients—page 2

Municipal Affairs

Flood Mitigation Systems—December 2025

Department

NOT IMPLEMENTED: Designate flood hazard areas and complete floodway development regulation—page 3

Annual Summary of Ministry Audit Work—December 2025

Department

NEW Recommendation: Improve financial statement preparation processes for improvement districts—page 111

Primary and Preventative Health Services

An Examination of Community Laboratory Services (Contract with DynaLIFE)

Department

- NEW Recommendation: Follow procurement processes—page 6
- **NEW Recommendation**: Improve records management processes—page 6

AHS Performance Reporting—December 2025

Department

- **NEW Recommendation**: Implement a provincial healthcare system performance reporting framework—page 10
- NEW Recommendation: Update and clarify the 2005 accountability documents guidelines—page 11
- **NEW Recommendation:** Ensure provincial health entities have policies and procedures aligned with provincial guidance—page 11
- NEW Recommendation: Maintain mandatory legal registers for provincial healthcare entities—page 11
- **NEW Recommendation**: Improve corporate records management—page 11

Public Safety and Emergency Services

Annual Summary of Ministry Audit Work—December 2025

Department

- NEW Recommendation: Meet reporting requirements for activities under the Civil Forfeiture Act—page 119
- REPEATED Recommendation: Improve financial information preparation and reporting processes—page 120

Technology and Innovation

Annual Summary of Ministry Audit Work—December 2025

Alberta Innovates

NEW Recommendation: Improve information technology controls—page 129

Transportation and Economic Corridors

Procurement Processes—March 2025

Department

- IMPLEMENTED Recommendation: Improve controls for posting periods—page 1
- IMPLEMENTED Recommendation: Improve documentation controls—page 2
- IMPLEMENTED Recommendation: Improve access controls for procurement information systems—page 3

Treasury Board and Finance

Economy and Efficiency of Cash Management—March 2025

Department

- IMPLEMENTED Recommendation: Evaluate cash management for efficiency and economy—page 3
- CHANGED CIRCUMSTANCE Recommendation: Develop policies to prevent early payment of grants and an accumulation of large cash balances—page 4
- IMPLEMENTED Recommendation: Implement and use information technology to manage cash—page 5
- IMPLEMENTED Recommendation: Use leading banking and related practices and evaluate cost benefits of bank accounts—page 6
- IMPLEMENTED Recommendation: Improve policies for payment—page 7

Public Agency Board Member Recruitment and Selection— July 2025

Public Service Commission

 IMPLEMENTED Recommendation: Improve information systems to monitor process outcomes—page 2

Travel, Meal and Hospitality Expenses of the Premier, Ministers, and Their Staff—December 2025

This report does not include new recommendations to government.

Audit of the 2024-2025 Consolidated Financial Statements of the Province of Alberta

Introduction

We prepared this chapter to help readers of the Consolidated Financial Statements of the Province of Alberta understand our audit and the audit matters or items that in our professional judgement 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 investments, and alternative investments
- investments in and toll commitments related to the North West Redwater Partnership
- personal income tax revenue

We issued a clean (unqualified) audit opinion for the province's consolidated financial statements. We concluded the 2024-2025 financial statements are fairly presented in accordance with Canadian Public Sector Accounting Standards (PSAS).

Background

Accounting standards—Treasury Board and Finance is responsible to prepare the province's consolidated financial statements in accordance with PSAS. Following these standards ensures the financial information is presented fairly and on a comparable basis to prior years and to other governments.

Management responsibilities—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 accounting standards
- use judgment to prepare estimates in the consolidated financial statements

Information included in the province's consolidated financial statements—

The province's consolidated financial statements provide information for Albertans and Members of the Legislative Assembly. 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 Recovery Alberta; the Legislative Assembly Office and offices of the legislature; 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 compared to approved budgets for 2024–2025, and its financial position at March 31, 2025.

Other information published with the province's consolidated financial statements—

The Government of Alberta Annual Report 2024-2025¹ includes a Budget 2024 Key Results section that supplements the financial statements. The government also publishes the 2024-2025 Final Results—Year-end Report² with the annual report. These reports further explain significant variances from budgets and prior years' results. In addition, ministry annual reports³ 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 and actual spending compared with voted estimates.

¹ Annual Report Government of Alberta 2024-2025

² Government of Alberta, 2024-25 Final Results Year-End Report

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 report 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 2024-2025 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 16, 2025, we issued a clean (unqualified) audit opinion on the province's consolidated financial statements for the year ended March 31, 2025. 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.

Recommendations—The ministry chapters in this report include the recommendations that we made to individual entities for improving their financial reporting processes.

New accounting matters—Tobacco Settlement—the province recorded revenue and a receivable related to a settlement arising from litigation against three major Canadian tobacco companies for health care related costs. Under the settlement, the province was set to receive an upfront payment based primarily on cash-on-hand at the tobacco companies⁴ and then future payments based on future profits⁵ up to a total settlement of \$3.1 billion (Alberta's share). The province recorded revenue of \$713 million as an estimate of the upfront payment of \$783 million, net of legal fees payable of \$70 million. As the tobacco companies earn future profits, the province will record related settlement revenue. We examined the terms of the settlement and the measurement of the revenue and receivables, and concluded that the province's accounting for this settlement was reasonable.

⁴ The upfront payment was estimated based on projected cash-on-hand at the tobacco companies up to the implementation date (after conditions are satisfied) of the settlement, minus a hold-back for working capital.

⁵ Future payments will be based on after-tax profits from the companies' combustible tobacco business.

Key Audit Matters

Key audit matters (KAMs)—our auditor's report⁶ on the 2024-2025 Consolidated Financial Statements of the Province of Alberta included key audit matters, or matters that in our professional judgement were of most significance. These include accounting for:

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

Included in our auditor's report is a description of each of these matters along with the procedures we performed. The key audit matters we identified in our auditor's report are consistent with the matters we identified in our auditor's report last year.

Factors considered when identifying KAMs include:

- items with an elevated risk of material misstatement
- areas of judgment, including estimates, subject to significant measurement uncertainty
- events or transactions with a significant effect on the financial statements or the audit

The purpose of communicating KAMs is to increase the communication value of an auditor's report by providing greater transparency about the procedures we performed in 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 KAMs 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.

Our auditor's report is included on page 18 of the Government of Alberta Annual Report—2024-2025.

Environmental Liabilities

Overview of risk

At March 31, 2025, the province's consolidated financial statements included \$181 million (2024: \$168 million) for environmental liabilities (Schedule 12 of the province's consolidated financial statements).

Under the province's polluter-pay principle, those who contaminate sites must remediate and reclaim them (clean them up). The province is also responsible when an inspector concludes more work is required to conserve and reclaim land after legislative warranty periods expire. The province records environmental liabilities for remediation of contamination and reclamation of sites it is directly responsible for, or when it has accepted responsibility, and when it can reasonably estimate costs.

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 sites 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 KAM 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* report¹⁰ 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 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

For example, section 142(3) of the *Environmental Protection and Enhancement Act* states that government is responsible for the costs of the work that an inspector considers necessary to conserve and reclaim land after the legislative warranty periods expire. Warranty periods depend on industry and range from immediate (for coal) to five or 25 years (for oil and gas). Warranty periods start when the regulator issues the reclamation certificate (a certificate issued by the regulator that confirms an operator restored the land it disturbed to a condition that can support various other land uses).

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.

Legacy sites have no responsible party that is solvent that can be held legally or financially responsible for clean-up.

¹⁰ Processes to Provide Information About Government's Environmental Liabilities, Report of the Auditor General—June 2021

- 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

Context

Direct responsibility or accepting responsibility for environmental liability—PSAS¹¹ 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

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 Makers¹² (SDMs)) determine that additional conservation and reclamation work is required after legislative warranty periods have expired. The Environmental Protection and Enhancement Act¹³ 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 laws¹⁴ when SDMs ongoing efforts to hold an operator accountable have failed, and the operator no longer exists.15

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. Accounting processes also require an assessment of who is responsible to do that work.

Complex process—accounting for environmental liabilities is complex and requires judgements and reliance on experts. Responsibility for clean-up and the extent of work required are also impacted by province's environmental regulatory systems and processes. Our Processes to Provide Information About Government's Environmental Liabilities report, 16 describes weaknesses in these processes. Departments are making improvements, but further work remains to fully implement the recommendations.

PS 3260—Liability for contaminated sites.

¹² A person who has powers as a director under legislation to make prevention order and enforcement response decisions.

¹³ 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."

¹⁴ 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.

¹⁵ Environmental laws state the costs the province incurs are a debt due to the province. The province should record these costs as an accounts receivable in its financial statements when it can collect these amounts from polluters.

Processes to Provide Information About Government's Environmental Liabilities, Report of the Auditor General—June 2021

Pension Liabilities

Overview of risk

At March 31, 2025, the province's consolidated financial statements included \$7.5 billion (2024: \$7.9 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. The liability is also net of investment balances in the pension plans which include significant allocations to private equity and alternative investment asset classes which are subject to measurement uncertainty. 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.

While most of the pension plans had net assets available for benefits exceeding pension obligations this year, the province recorded a liability of \$7.5 billion comprised primarily of the province's unfunded liability towards pre-1992 Teachers' pension obligations.

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, 2025, the province's consolidated financial statements included \$13.2 billion (2024: \$12.2 billion) of assets consisting of private equities and inflation-sensitive and alternative investments (Schedule 6 of the province's consolidated financial statements).

The province records these investments 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 valuators' 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 funds¹⁸ 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.

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.

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

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 tolls¹⁹ (including the unconditional debt tolls related to paying NWRP's debt).

At March 31, 2025, 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 \$2.1 billion (2024: \$2.0 billion) 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 \$35.6 billion (2023: \$37.3 billion)

We identified the accounting for the investment in NWRP and the toll commitments as a key audit matter because it requires significant judgements 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

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.

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

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, 2025 and found that the contract is onerous by \$2.1 billion. This amount is subject to measurement uncertainty due to the assumptions in determining the estimate. For example, according to the Commission's sensitivity analysis, the onerous contract provision would decrease by \$155 million if, with all other variables held constant, the forecasted WTI-WCS differential²⁰ and US\$/Cdn\$ foreign exchange rates decreased by five per cent.

More detailed disclosures on the commission's investment in NWRP are in the commission's 2025 Annual Report.²¹

Personal Income Tax Revenue

Overview of risk

The province estimated personal income tax revenues of \$16.1 billion (2024: \$15.2 billion) for the year ended March 31, 2025. 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 income²² to estimate revenues.

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

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

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

Alberta Petroleum Marketing Commission 2025 Annual Report.

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

Context

The Canada Revenue Agency assesses and collects personal income tax for the province. The province's fiscal year, ending March 31, 2025, spans two taxation years based on calendar years (2024 and 2025). As of March 31, 2025, 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 \$481 million, based on the last 10 years of differences between the province's estimated and actual personal tax revenues.

 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1
 1

Annual Summary of Ministry Audit Work

Introduction

The following pages provide details on our Audit of the 2024-2025 Consolidated Financial Statements of the Province of Alberta. This includes new recommendations or assessments of the implementation of prior recommendations arising from this financial statement audit work.

This financial statement audit work includes our work at agencies, boards, and commissions such as schools, universities, colleges, health entities; the Legislative Assembly and Officers 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. See Appendix A for a complete list.

We also summarize our performance audits and any subsequent assessment of implementation efforts since our last public report in November 2024.

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**
- lustice
- Mental Health and Addiction
- Legislative Assembly Office and Offices of the Legislative Assembly
- Tourism and Sport

Advanced Education

Below, we provide details on new recommendations and assessments of implementation resulting from our 2024-2025 ministry audit work to support the province's consolidated financial statements. New recommendations and assessments of implementation from fiscal 2025 financial statement audit work on post-secondary institutions will be reported in 2026 in our *Report on Post-secondary Institutions*.

IMPLEMENTED Recommendation

Department

IMPLEMENTED Recommendation:

Improve process to estimate the allowance for uncollectible student loans

Context

In 2021, we recommended that the Department of Advanced Education improve its process to estimate the allowance for uncollectible student loans, so that the department could reasonably estimate the true cost of providing student loans and inform future adjustments to its student loan policies.²³

We found that the department did not:

- properly calculate the allowance for default and repayment assistance loans
- segregate data to assess the impact of external and internal factors on the allowance
- perform a look-back analysis to refine assumptions based on actual data to improve the accuracy of the allowance estimate

Our current findings

The department has implemented the recommendation. Management developed and implemented a new model to estimate allowances for uncollectible student loans. The model groups loans into consolidation cohorts, breaking down the data so that a look-back analysis can be performed. This analysis compares current-year results to the historical trend and identifies the impacts of internal changes, such as policy changes, as well as significant external impacts, such as COVID-19. Management also implemented an annual process to validate the new model for reliability and accuracy and assess the relevance and completeness of assumptions used in the model, and the calculation of the student loan allowance.

We examined the design of the new model, management's estimation process, and reperformed calculations of the student loan allowance balances. No deviations were identified.

Report of the Auditor General—November 2021, page 40.

Status of recommendations (since November 2024)

				Status of	Closed Recommendations				
New	Outstanding	Total	Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Repeated	Implemented ²⁴	Changed Circumstance
3	13	16	7	9	5	11	0	5	0

	Report Title	Numb Recomme	
		Department	PSIs
•	Accessibility to Post-secondary Education—December 2025	2	0
	> Improve processes to analyze post-secondary accessibility measures		
	> Improve post-secondary sector accessibility reporting		
•	Report on Post-secondary Institutions 2024—March 2025	0	1
	> Bow Valley College: Improve purchasing processes		
•	Annual Summary of Ministry Audit Work—November 2024	0	5
	> 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) 		
•	Report on Post-secondary Institutions 2023—March 2024	0	1
	> University of Calgary: Improve user access controls over terminated employees		
•	For-profit and Cost Recovery Ventures at Post-secondary Institutions Assessment of Implementation—March 2024	1	0
	> Improve department's oversight of institutions' risk assessment of ventures (originally October 2015; repeated March 2024)		
•	Report on Post-secondary Institutions 2022—March 2023	0	3
	 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		

²⁴ Includes four recommendations implemented as reported in the *Report on Post-secondary Institutions* 2024—March 2025.

		Report Title	Number of Recommendations		
			Department	PSIs	
•	Re	port on Post-secondary Institutions 2019—December 2019	0	1	
	>	Olds College: Implement processes for testing and monitoring the effectiveness of internal controls			
•		Illaborative Initiatives Among Post-secondary Institutions—	2	0	
	>	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)			
To	tal		5	11	

Recommendation	When	Status		
DEPARTMENT Accessibility to Post-secondary Education:	December 2025, p. 4	Not Ready for Assessment		
Improve processes to analyze post-secondary accessibility measures				
We recommend that the Department of Advanced Education improve its processes to measure and analyze the post-secondary sector accessibility results to assess progress, to identify lessons learned, and to inform future decisions.				
Consequences of not taking action: Without a process to assess overall progress toward its accessibility objectives, the department cannot evaluate whether access to post-secondary education is improving across the sector. Complete measures and targets are needed to assess progress, identify what's working, and apply lessons learned. Without them, the department may continue investing in initiatives without knowing which ones reduce the most significant barriers. This increases the risk that some Albertans remain underserved.				

Recommendation	When	Status
DEPARTMENT Accessibility to Post-secondary Education: Improve post-secondary sector accessibility reporting	December 2025, p. 6	Not Ready for Assessment
We recommend that the Department of Advanced Education improve its processes to report—internally and externally—on progress toward its desired outcomes on making post-secondary education accessible to all Albertans.		
Consequences of not taking action: Without a better reporting process, the department may miss important trends, gaps, or barriers that affect students. This limits transparency, weakens accountability, and makes it harder to show Albertans whether progress is being made.		
BOW VALLEY COLLEGE Report on Post-secondary Institutions 2024: Improve purchasing processes	March 2025, p. 8	Not Ready for Assessment
We recommend that Bow Valley College improve its purchasing policy and consistently apply it to all contracts.		
Consequences of not taking action: Good purchasing policies ensure the procurement of services is competitive, fair, cost-effective, and results in the right services delivered at the right place and at the right time. Without a complete purchasing policy which is consistently applied for all contracts, the college risks receiving substandard vendor performance and not the best value for money.		
OLDS COLLEGE Annual Summary of Ministry Audit Work:	November 2024, p. 32	Ready for Assessment
Improve process to record portfolio investments	<u> </u>	
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.		

Recommendation	When	Status
OLDS COLLEGE	November 2024,	Ready for
Annual Summary of Ministry Audit Work:	<u>p. 33</u>	Assessment
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.		
OLDS COLLEGE Annual Summary of Ministry Audit Work:	November 2024, p. 34	Ready for Assessment
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.		
OLDS COLLEGE Annual Summary of Ministry Audit Work:	November 2024, p. 34	Not Ready for Assessment
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.		
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.		

Recommendation	When	Status
OLDS COLLEGE Annual Summary of Ministry Audit Work: 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 Recommendation is older than three years (>3)
UNIVERSITY OF CALGARY Report on Post-secondary Institutions 2023: Improve user access controls over terminated employees We recommend that the University of Calgary improves 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	Ready for Assessment

Recommendation	When	Status
DEPARTMENT For-profit and Cost Recovery Ventures at Post-secondary Institutions: Improve department's oversight of institutions' risk assessment of ventures We again recommend that the Department of Advanced Education improves 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 Recommendation is older than three years (>3)
LAKELAND COLLEGE Report on Post-secondary Institutions 2022: 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	Ready for Assessment

Recommendation	When	Status
LAKELAND COLLEGE Report on Post-secondary Institutions 2022: 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	Ready for Assessment
NORTHWESTERN POLYTECHNIC Report on Post-secondary Institutions 2022: 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
OLDS COLLEGE Report on Post-secondary Institutions 2019: 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.	<u>December 2019,</u> p. 7	Not Ready for Assessment Recommendation is older than three years (>3)

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 Recommendation is older than three years (>3)
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 Recommendation is older than three years (>3)

Agriculture and Irrigation

Below, we provide details on new recommendations and assessments of implementation resulting from our ministry audit work to support the province's consolidated financial statements.

IMPLEMENTED Recommendation

Agriculture Financial Services Corporation

IMPLEMENTED Recommendation:

Develop a process to manage the risks of using cloud computing

Context

In 2021,²⁵ we recommended that Agriculture Financial Services Corporation (AFSC):

- develop a process to ensure compliance with its cloud security process
- implement complementary user entity controls
- provide regular reporting on cloud computing risks to the board

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.

Our current findings

AFSC has implemented our recommendation.

Management developed a process to ensure compliance with its cloud security process that requires specific assessments be performed where private information is involved. Management has now completed a Privacy Impact Assessment and a Security Threat Risk Assessment (STRA) for the systems we identified in our original reports (AFSC Connect project and Human Capital Management application), as well as on all new cloud computing arrangements. Management also implemented recommendations arising from the STRA to mitigate identified security risks.

Management developed a System Organization Controls (SOC) report tracking sheet and a vendor compliance report to ensure timely receipt of SOC reports where third parties provide cloud services to AFSC. Management also developed an annual review process outlining procedures to support their assessment of the impact of any internal control weaknesses identified in the SOC reports and to implement complementary entity controls as necessary.

Management provides regular reporting on its cloud computing strategy and implementation plan, as well as risks and benefits of cloud computing to the board.

Report of the Auditor General—November 2021, page 49.

IMPLEMENTED Recommendation

Agriculture Financial Services Corporation

IMPLEMENTED Recommendation:

Improve process to ensure compliance with Agrilnsurance policies and procedures

Context

In 2023,²⁶ we recommended that AFSC improve its process to ensure policies and procedures set out in Agrilnsurance manuals, guidelines, and authorities are adhered to.

AFSC provides crop insurance to agricultural producers to manage financial risks due to circumstances beyond their control like drought, flooding, and unseasonal weather. One of the main crop insurance products is Agrilnsurance, a federal-provincial producer cost shared program under the Canadian Agriculture Partnership.

Non-compliance with policies, procedures, and authorities could result in invalid, incomplete, and inaccurate insurance payments. Not completing required procedures may expose AFSC to challenges during future processing of claims and potential disputes with clients.

Our current findings

AFSC has implemented our recommendation. During our testing, we noted the following improvements.

Evidence of review

Management updated its Claims Adjusting Manual and Processing/Verification Manuals to ensure there is documentation to support the review of insurance claims over \$1 million. This includes new reporting requirements to ensure adjusters are notified of all high-value claims. In addition, monthly reports are provided to the chief client officer (CCO) on all claims reviewed over \$1 million. We found management consistently follows this process as part of our financial statement audit.

Completion of insurance policy change forms

Management revised its processes. Notice of Change forms are prepared by relationship insurance managers and executed by processing/verification staff. We found required filings for insurance policy changes were consistently completed.

Compliance with performance evaluation requirements

To ensure adjusters comply with the minimum performance evaluation requirements as a quality control, management updated the Claims Adjusting Manual to clarify the number of evaluations required. Management also implemented a new evaluation tracking platform and a monthly report is provided to the CCO on the status of all performance evaluations. We found that management was in compliance with performance evaluation requirements.

Compatible duties

Management implemented a process to review segregation of duties in claims processing. Reports are analyzed to identify non-compliance, with any issues flagged for staff notification and a secondary claim review. In addition, reports are submitted to the CCO semi-annually for review. We found there was proper segregation and compatible duties within the claim processing workflow.

Report of the Auditor General—December 2023, page 41.

Status of recommendations (since November 2024)

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

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations
Annual Summary of Ministry Audit Work—November 2024	1
> Improve financial information preparation and reporting processes	
Total	1

Recommendation	When	Status
DEPARTMENT Annual Summary of Ministry Audit Work—November 2024:	November 2024, p. 47	Ready for Assessment
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.		

Assisted Living and Social Services

Status of recommendations²⁷ (since November 2024)

				Status of Recommendations					nmendations
New	Outstanding	Total	Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Repeated	Implemented ²⁸	Changed Circumstance
0	6	6	0	6	3	3	0	3	0

	Report Title	Number of Recommendations
•	Annual Summary of Ministry Audit Work—November 2024	1
	> Improve user access controls for all its information systems (originally October 2014; repeated November 2020 and November 2024)	
•	Processes to Assess and Manage the Condition of Affordable Housing— November 2024	3
	> Maintain facility condition information	
	> Improve oversight processes	
	> Implement performance measures	
•	Income Support for Albertans—March 2024	1
	 Improve performance management processes (originally December 2019; repeated March 2024) 	
•	Control Systems at the Office of the Public Guardian and Trustee— March 2022	1
	Improve and follow policies and procedures (originally February 2013; progress report May 2017; repeated March 2022)	
То	tal	6

On May 16, 2025, the Alberta government announced that the Department of Department of Seniors, Community and Social Services had been renamed to the Department of Assisted Living and Social Services.

These recommendations are reported as implemented in Family Support for Children with Disabilities—December 2025.

Recommendation	When	Status
DEPARTMENT Annual Summary of Ministry Audit Work: Improve user access controls for all its information systems We again recommend that the Department of Assisted Living 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	Repeated November 2024, p. 123 Repeated November 2020 p. 56 Originally reported October 2014, no. 18, p. 151	Not Ready for Assessment Recommendation is older than three years (>3)
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.		
DEPARTMENT Processes to Assess and Manage the Condition of Affordable Housing: Maintain facility condition information	November 2024, p. 4	Not Ready for Assessment
We recommend that the Department of Assisted Living 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		

Recommendation	When	Status
DEPARTMENT	November 2024,	Not Ready for
Processes to Assess and Manage the Condition of Affordable Housing:	<u>p. 6</u>	Assessment
Improve oversight processes		
We recommend that the Department of Assisted Living 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.		
DEPARTMENT Processes to Assess and Manage the Condition of Affordable Housing:	November 2024, p. 7	Not Ready for Assessment
Implement performance measures		
We recommend that the Department of Assisted Living 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.		

Recommendation	When	Status
DEPARTMENT Income Support for Albertans: Improve performance management processes We again recommend that the Department of Assisted Living 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 Recommendation is older than three years (>3)
 OFFICE OF THE PUBLIC GUARDIAN AND TRUSTEE Control Systems at the Office of the Public Guardian and Trustee: 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 Progress report May 2017, p. 101 Originally reported February 2013, no. 4, p. 45	Not Ready for Assessment Recommendation is older than three years (>3)

Children and Family Services

Status of recommendations (since November 2024)

				Status of Recommendations					nmendations
New	Outstanding	Total	Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Repeated	Implemented ²⁹	Changed Circumstance
0	2	2	0	2	2	0	1	2	0

	Report Title	Number of Recommendations
•	Systems to Deliver Child and Family Services to Indigenous Children in Alberta—July 2025	1
	> Enhance early support services—Improve reporting on effectiveness of early support services (originally July 2016, repeated July 2025)	
•	Annual Summary of Ministry Audit Work—November 2024	1
	> Improve user access controls for all its information systems (originally October 2014; repeated November 2020, repeated November 2024)	
To	tal	2

²⁹ These recommendations are reported as implemented in *Systems to Deliver Child and Family Services to Indigenous Children in Alberta—July 2025.*

Recommendation	When	Status
DEPARTMENT Systems to Deliver Child and Family Services to Indigenous Children in Alberta: Enhance early support services—Improve reporting on effectiveness of early support services We again recommend that the Department of Children and Family Services report to the public regularly on the effectiveness of early support services. Consequences of not taking action: Without improved performance management processes, the department lacks information to assess early support services program performance, implement required improvements to ensure outcomes are met, and report to the public that the program is working as intended.	Repeated July 2025, p. 3 Originally reported July 2016, no. 1, p. 13	Not Ready for Assessment Recommendation is older than three years (>3)
DEPARTMENT Annual Summary of Ministry Audit Work: 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	Repeated November 2024, p. 51 Repeated November 2020, p. 51 Originally reported October 2014, no. 18, p. 151	Not Ready for Assessment Recommendation is older than three years (>3)
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.		

Education and Childcare

Status of recommendations³⁰ (since November 2024)

				Status of Recommendations				Closed Recor	mmendations
New	Outstanding	Total	Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Repeated	Implemented ³¹	Changed Circumstance
4	0	4	0	4	0	4	0	3	0

	Report Title	Number of Recommendations
•	Child Care Subsidy and Grants Program—July 2025	2
	> Verify accuracy of child care operator claims	
	> Verify child care operators use program funding as required	
•	School Authority Compliance with Annual Reporting Requirements— March 2025	2
	> Improve the execution of the annual report assessment process	
	> Improve the execution of the annual report correction process	
Tot	al	4

³⁰ On May 16, 2025, the Alberta government announced that the Department of Education had been renamed to the Department of Education and Childcare.

³¹ These recommendations are reported as implemented in *Systems to Improve Student Attendance in Northland School Division—December 2025*.

Recommendation	When	Status
DEPARTMENT Child Care Subsidy and Grants Program: Verify accuracy of child care operator claims	July 2025, p. 5	Not Ready for Assessment
We recommend that the Department of Education and Childcare implement processes to verify the accuracy of child care operator claims for the Child Care Subsidy and Grants Program.		
Consequences of not taking action: Where operator claims are overstated, the department is overpaying child care subsidies and grants. Also, when operators do not use the funding as intended, parents are overpaying child care fees and educators are not receiving the compensation they are due.		
DEPARTMENT Child Care Subsidy and Grants Program: Verify child care operators use program funding as required	July 2025, p. 5	Not Ready for Assessment
We recommend that the Department of Education and Childcare implement processes to verify that child care operators use the funding as required to reduce parent fees and to pay educators their wage top-up funding.		
Consequences of not taking action: Where operator claims are overstated, the department is overpaying child care subsidies and grants. Also, when operators do not use the funding as intended, parents are overpaying child care fees and educators are not receiving the compensation they are due.		

Recommendation	When	Status
DEPARTMENT School Authority Compliance with Annual Reporting Requirements: Improve the execution of the annual report assessment process We recommend that the Department of Education and Childcare	March 2025, p. 6	Not Ready for Assessment
improve the consistent application of its school authorities annual report compliance assessment process. Consequences of not taking action: Performance reporting is effective when all required information is included in school authorities' annual reports. Accountability for results suffers if interested parties do not have accurate and complete information on what has been achieved and where changes are required. School authorities must report how they are meeting their responsibilities and building public confidence in the education system.		
DEPARTMENT School Authority Compliance with Annual Reporting Requirements: Improve the execution of the annual report correction process We recommend that the Department of Education and Childcare improve the consistent application of its processes to ensure that school authorities correct annual reporting non-compliance. Consequences of not taking action: School authority annual reports are a critical accountability tool to show what results were delivered in critical areas of the authority, how they measure those results, and at what cost. Readers of annual reports that are not meeting requirements will not have a complete picture of school authority performance.	March 2025, p. 7	Not Ready for Assessment

Summary of 2024 Financial Audit Results of School Jurisdictions in Alberta

Education and Childcare

Report of the Auditor General

December 2025



Contents

About This Report	59
Summary of Findings	61
Financial Statement Audit Opinions	61
Recommendations by External Auditors	61
Summary of Recommendations	63



Q

Related Reports:

- Summary of school jurisdictions audit results—November 2024
- Summary of school jurisdictions audit results—December 2023
- Summary of school jurisdictions audit results—November 2022
- Summary of school jurisdictions audit results—November 2021
- Summary of school jurisdictions audit results—November 2020

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*.

Legislative requirement

Section 19(4) of the Alberta *Auditor General Act* requires the Auditor General to report to the Legislative Assembly, each fiscal year, on 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*." 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.

Role of the Auditor General

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 and Childcare,³³ the legislated auditor of which is the Auditor General. The Auditor General does have the mandate to perform performance audits directly on school jurisdictions.

Jurisdictional audit responsibilities

In Alberta, each school jurisdiction is responsible for hiring an external auditor³⁴ to examine its annual financial statements. Under section 139 of the

Education Act, school jurisdictions are required to submit to the Department of Education and Childcare, by November 30 each year, their audited financial statements, auditors' reports, and management letters detailing recommendations made by their auditor to management.

Contents of this report

This report includes a summary of the 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

Purpose of summary of recommendations

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' auditors.

Limitations of audit scope

Users of this summary should keep in mind that the school jurisdictions' auditors 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.

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 and Children

On May 16, 2025, the Alberta government announced that the Department of Education had been renamed to the Department of Education and Childcare.

³⁴ *Education Act*, section 138.

Use of recommendations

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.

Jurisdictional overview

There are 80 school jurisdictions in Alberta, not including private schools, comprised of 19 charter schools and 61 school boards.³⁵ All school jurisdictions have a common fiscal year-end date of August 31. As a result, this report summarizes the results of examinations of school jurisdictions audits for fiscal 2024, with comparative information for the two fiscal years prior.

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.

Additional resources

Detailed financial information for the school jurisdictions can be found in the *Education Annual Report 2024–2025*, pages 130–175.

The composition for 2023 was 78 (2022-76) school jurisdictions comprising of 61 (2022-61) school boards and 17 (2022-15) chartered schools.

Summary of Findings

Financial Statement Audit Opinions

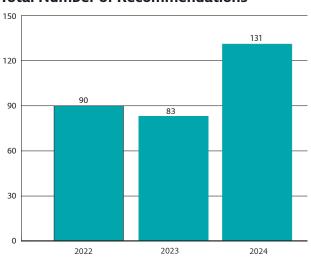
Two school jurisdictions received a qualified³⁶ auditor's opinion on their fiscal 2024 financial statements (two jurisdictions in 2023 and one in 2022). One school jurisdiction received a qualified auditor's opinion because its accrued liabilities were understated, having exceeded the provincially mandated reserve cap without an approved exemption. The other received a qualified opinion because the auditor was unable to verify the completeness of fundraising revenue. The qualified auditor's opinions in 2023 and 2022 were related to similar issues.

Recommendations by External Auditors

Overall recommendations increased

The auditors issued 131 recommendations to school jurisdictions, reflecting a steep upward trend compared to previous years: 83 in 2023 and 90 in 2022. This number of recommendations is the highest result since 2015.

Total Number of Recommendations



Process areas that most often contributed to the increase in recommendations included accounting issues, review of financial information, tangible capital assets, and segregation of duties. For these process areas, there was an increase of 19 school jurisdictions that received a recommendation compared to the prior year. Overall, more jurisdictions received recommendations in 2024 than in recent years.

The department provided reasons for the overall increase in recommendations. Staffing issues such as turnover, shortages, and vacancies were identified as significant contributors to control breakdowns. Newer jurisdictions also tend to have a higher number of recommendations as processes have not been fully established or are not as effective compared to mature jurisdictions. However, this year, three mature school jurisdictions had an increase of 25 recommendations from 2023.

Characteristics of the recommendations

Of the 16 process areas identified by auditors as requiring improvement, only two had fewer recommendations than in 2023. Fewer new recommendations were made in processes related to purchases and school-generated funds. In contrast, 13 process areas saw an increase in recommendations compared to the previous year.

Seventy-nine per cent of all outstanding recommendations pertain to processes involving accounting treatment, review and approval of financial information, cash management, tangible capital assets, payroll, policies and procedures, segregation of duties, and school-generated funds (82 per cent in those areas in 2023). Four of these processes (the review and approval of financial information, cash management, tangible capital assets, and

³⁶ 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.

school-generated funds) also had the most repeated recommendations in 2023. As a result, authorities have had the most difficulty improving these processes over the past three years.

Repeated recommendations

Auditors repeated 43 recommendations across 31 jurisdictions, an increase from 2023 when auditors reported 26 repeated recommendations. Eighty-four per cent of these repeated recommendations related to accounting treatment, review and approval of financial information, cash management, tangible capital assets, payroll, policies and procedures, segregation of duties, and school-generated funds.

Jurisdictions receiving recommendations

Forty-five school jurisdictions received at least one recommendation (32 in 2023 and 2022). Thirteen out of 80 school jurisdictions received recommendations related to accounting issues and tangible capital assets followed by review of financial information, making these the most frequent process areas requiring improvement. Very few authorities received a recommendation in most of the other process areas listed in the summary table of recommendations. Thus, while improvements are still required to be made in the sector, the vast majority of authorities have adequate processes overall.

Jurisdictions without findings

Auditors for 35 school jurisdictions did not report any findings and recommendations to management (46 in 2023 and 44 in 2022). These school jurisdictions without recommendation made progressive improvements to their internal controls and have implemented outstanding recommendations.

Encouraging accountability

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 following table summarizes audit findings and recommendations reported to school jurisdictions for the fiscal years ended August 31, 2024, and August 31, 2023.

The findings are grouped into three categories:

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

Summary of Recommendations



fewer recommendations



more recommendations

recommendations		Number of jurisdictions (repeated from prior year)		Recommendations made (repeated from prior year)	
TREND		2024	2023	2024	2023
•	Accounting issues —improve accounting treatment in areas including capitalization of expenses, liability recognition, revenue recognition, and leases.	12(3)	5(1)	20(5)	9(2)
♠	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.	13(3)	6(2)	18(5)	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.	3(1)	2(1)	3(1)	2(1)
•	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.	3(1)	1(0)	3(1)	1(0)
•	Board information —improve board receipt of timely financial information to maintain and strengthen overall stewardship.	1(0)	0(0)	1(0)	0(0)
•	Budgetary process —improve preparation and review of budgeted revenue and expenditures using appropriate assumptions.	1(0)	0(0)	1(0)	0(0)

Internal control weaknesses recommendations		Number of jurisdictions (repeated from prior year)		Recommendations made (repeated from prior year)	
TRENE		2024	2023	2024	2023
♠	Tangible capital assets —improve the recording and monitoring of capital assets.	13(5)	7(3)	17(7)	10(4)
•	Cash management —improve cash management processes and controls.	4(3)	7(4)	12(6)	10(5)
♠	Policies and procedures —implement, update, or follow formal procedures and policies.	8(4)	11(2)	12(4)	11(2)
♠	Segregation of duties —improve segregation of duties over authorization and recording of transactions, or custody of and accounting for certain assets.	11(5)	6(2)	12(5)	6(2)
♀	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)	4(1)	8(4)	9(2)
	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.	7(1)	4(1)	7(1)	4(1)
⊘	School-generated funds —improve the processes used to collect, record, spend, and report schoolgenerated funds.	6(3)	5(3)	6(3)	7(3)
♠	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.	5(0)	0(0)	5(0)	0(0)

Information technology management recommendations		Number of jurisdictions (repeated from prior year)		Recommendations made (repeated from prior year)	
TREND		2024	2023	2024	2023
•	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.	2(0)	1(0)	5(0)	2(0)
	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)	1(1)

Energy and Minerals

Status of recommendations (since November 2024)

				Status of Recommendations					Closed Recommendations		
New	Outstanding	Total	Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Repeated	Implemented	Changed Circumstance		
0	10	10	8	2	1	9	0	0	0		

	Report Title		Numb Recomme	
			Department	AER
•		ability Management of (Non-Oil Sands) Oil and Gas frastructure—March 2023	0	9
•	All	berta Energy Regulator:		
	>	Improve liability management risk management processes		
	>	Improve performance measurement and reporting		
	>	Improve processes to assess information from Orphan Well Association		
	>	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		
•		ocess to Provide Information About Government's vironmental Liabilities—June 2021	0	1
	>	Alberta Energy Regulator: Complete case-by-case assessments of sites		
Tot	al		0	10

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,	March 2023, p. 22	Ready for Assessment
and the ability to proactively respond with the right actions requires an effective risk management system. ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure:	March 2023, p. 24	Ready for Assessment
 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.		

Recommendation	When	Status
ALBERTA ENERGY REGULATOR	March 2023, p. 27	Ready for
Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure:		Assessment
Improve processes to assess information from Orphan Well Association		
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.		
ALBERTA ENERGY REGULATOR	March 2023, p. 28	Ready for
Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure:		Assessment
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.		

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	March 2023, p. 32	Not Ready for Assessment
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.		
ALBERTA ENERGY REGULATOR	March 2023, p. 33	Ready for
Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Improve licence transfer application processes		Assessment
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.		

Recommendation	When	Status
ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure:	March 2023, p. 38	Ready for Assessment
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.		
ALBERTA ENERGY REGULATOR	March 2023, p. 38	Ready for Assessment
Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure:		Assessment
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.		

Recommendation	When	Status
ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Improve oversight of remediation action plans	March 2023, p. 38	Ready for Assessment
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.		

Recommendation	When	Status
ALBERTA ENERGY REGULATOR	<u>June 2021, p. 14</u>	Not Ready for
Process to Provide Information About Government's Environmental Liabilities:		Assessment
Complete case-by-case assessments of sites		Recommendation is older than three
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.		years (>3)
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.		

Environment and Protected Areas

Below, we provide details on new recommendations and assessments of implementation resulting from our ministry audit work to support the province's consolidated financial statements.

IMPLEMENTED Recommendation

Department

IMPLEMENTED Recommendation:

Improve financial information preparation and reporting processes

Context

In 2023,³⁷ we recommend that the department improve its financial information preparation and reporting processes by enhancing its quality control and review activities. We found the:

- quality and timeliness of financial information prepared by the department was not sufficient
- level of internal review of financial information was not sufficient to identify or detect a number
- staffing challenges have contributed to the financial reporting process deficiencies

Our current findings

The department implemented our recommendation to improve the financial information preparation and reporting processes. Specifically, the department:

- established an internal committee to monitor daily operations and internal controls, and to oversee contract and grant payment management
- implemented a quarterly review process by accounting officers to assess the effectiveness of internal controls
- defined clear roles and responsibilities, and timelines for the preparers and reviewers of year-end templates and supporting schedules
- established a communication process between the finance and program areas to facilitate discussions on financial information

Report of the Auditor General—December 2023, page 81.

Status of recommendations (since November 2024)

				Status of Recommendations					Closed Recommendations		
New	Outstanding	Total		Not Ready for Assessment		>3 Years	<3 Years	Repeated	Implemented ³⁸	Changed Circumstance	
0	13	13	2	9	2	9	4	0	4	0	

Report Title	Number of Recommendations
 Surface Water Management—July 2024 	3
> 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	
• Report of the Auditor General—December 2023	1
> Ensure that underpayments to the TIER Fund are collected when errors are found	
 Reporting on the Oil Sands Monitoring Program—March 2023 	1
> Improve annual report processes (originally November 2018; repeated March 2023)	
Pesticide Management—March 2022	3
> Assess risks and employ compliance monitoring to mitigate them	
> Ensure public information is current and accurate	
> Develop performance metrics and evaluate the pesticide program	
 Processes to Provide Information about Government's Environmental Liabilities—June 2021 	2
> Develop guidance to determine who is responsible for cleanup work	
> Complete case-by-case assessments of sites	
Wetland Replacement—June 2021	1
Improve controls over wetland replacement (originally April 2010; repeated October 2015 and June 2021)	
Flood Mitigation Systems—December 2025	1
Designate flood hazard areas and complete floodway development regulation (originally March 2015, not implemented December 2025)	
Mine Financial Security Program—December 2025	1
> Improve program design (originally July 2015; unsatisfactory progress June 2021, not implemented December 2025)	
Total	13

³⁸ Includes three recommendations implemented as reported in *Flood Mitigation Systems—December* 2025.

Recommendation	When	Status
DEPARTMENT Surface Water Management:	July 2024, p. 9	Not Ready for Assessment
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.		
DEPARTMENT Surface Water Management:	July 2024, p. 12	Not Ready for Assessment
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		

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.	July 2024, p. 13	Not Ready for Assessment
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 subbasin levels, hinders accountability, transparency, and informed decision-making.		
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.	December 2023, p. 79	Not Ready for Assessment
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.		

Recommendation	When	Status
DEPARTMENT	Repeated March	Ready for
Reporting on the Oil Sands Monitoring Program:	2023, p. 3	Assessment
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.	> Originally reported November 2018, p. 7	Recommendation is older than three years (>3)
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.		
DEPARTMENT Pesticide Management:	March 2022, p. 10	Not Ready for Assessment
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.		Recommendation is older than three years (>3)
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.		
DEPARTMENT	March 2022, p. 12	Not Ready for
Pesticide Management:		Assessment
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.		Recommendation is older than three years (>3)
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.		

Recommendation	When	Status
DEPARTMENT Pesticide Management:	March 2022, p. 13	Not Ready for Assessment
Develop performance metrics and evaluate the pesticide program		Recommendation is older than three years (>3)
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.		

Recommendation	When	Status
DEPARTMENT	June 2021, p. 14	Not Ready for
Processes to Provide Information about Government's Environmental Liabilities:		Assessment
Develop guidance to determine who is responsible for cleanup work		Recommendation is older than three years (>3)
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.		

Recommendation	When	Status
DEPARTMENT	June 2021, p. 14	Not Ready for
Processes to Provide Information about Government's		Assessment
Environmental Liabilities:		Recommendation
Complete case-by-case assessments of sites		is older than three years (>3)
We recommend that the Department of Environment and Protected Areas and the Alberta Energy Regulator (AER) complete a case-bycase 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.		
DEPARTMENT	Repeated	Ready for
Wetland Replacement:	June 2021, p. 59	Assessment
mprove controls over wetland replacement	> Repeated	Recommendatio
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.	October 2015, no. 6, p. 45 • Originally	is older than three years (>3)
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.	reported April 2010, no. 6, p. 71	

Not Implemented Recommendations

These recommendations previously accepted by the government are now marked as Not Implemented because the department has informed the Auditor General that it no longer plans to implement them. They will remain part of our total outstanding recommendations list.

Recommendation	When	Status
DEPARTMENT Flood Mitigation Systems: Designate flood hazard areas and complete floodway development regulation	December 2025, p. 3 March 2015, no. 12, p. 80	Not Implemented Recommendation is older than three years (>3)
 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: Sestablish 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 We assess this recommendation as not implemented because the risks that prompted it remain unaddressed. The departments stated they will not implement the recommendation and will instead rely on existing measures to mitigate flood hazard risks. However, they provided no evidence of these measures' effectiveness and have no plans to monitor outcomes. Municipal Affairs also declined to provide its risk analyses, citing privilege, leaving our report incomplete on a matter critical to public interest.		
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.		

Recommendation	When	Status
DEPARTMENT	December 2025,	Not Implemented
Mine Financial Security Program:	p. 4	Recommendation
 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 We assess this recommendation as not implemented because the MFSP calculation method continues to overstate the economic value of mining assets. The department stated it will not make substantive changes to this method in the future. While the department asserts the method and calculated values are reasonable and that the MFSP is functioning as intended, we found no evidence to support these claims. 	 Unsatisfactory progress June 2021, p. 29 Originally reported July 2015, no. 2, p. 29 	is older than three years (>3)
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.		

Forestry and Parks

Status of recommendations (since November 2024)

				Status of Recommendations				Closed Reco	mmendations
New	Outstanding	Total	Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Repeated	Implemented	Changed Circumstance
0	5	5	2	3	4	1	0	0	0

		Report Title	Number of Recommendations
•	An	nual Summary of Ministry Audit Work—November 2024	1
	>	Improve financial information preparation and reporting processes	
•	Ma	anagement of Sand and Gravel Pits Followup—November 2019	3
	>	Reclamation monitoring and enforcement (originally October 2008; repeated July 2014 and November 2019)	
	>	Collect sufficient security	
	>	Collect outstanding royalties	
•	Sy	stems to Manage Grazing Leases—July 2015	1
	>	Clarify objectives, benefits and relevant performance measures	
To	tal		5

Recommendation	When	Status
DEPARTMENT Annual Summary of Ministry Audit Work: Improve financial information preparation and reporting processes We recommend that the Department of Forestry and Parks improve	November 2024, p. 87	Ready for Assessment
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.		
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.	Repeated November 2019, Followup Audit, p. 13 Repeated July 2014, no. 4, p. 51	Not Ready for Assessment Recommendation is older than three years (>3)
Consequences of not taking action: Un-reclaimed pits create environmental and safety risks. Albertans may have to pay reclamation costs.	Originally reported October 2008, no. 40, p. 360	

Recommendation	When	Status
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 Recommendation is older than three years (>3)
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 is older than three years (>3)
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	Ready for Assessment Recommendation is older than three years (>3)

Health

On May 16, 2025, the Alberta government announced the refocus of the Department of Health into two new departments: Hospital and Surgical Health Services, and Primary and Preventative Health Services. In addition, responsibility for the Continuing Care division—previously under the Department of Health and Alberta Health Services—was transferred to the Department of Assisted Living and Social Services (formerly Seniors, Community and Social Services). As of the publication of this report, the government has not confirmed which entities will be responsible for implementing our previous recommendations. Therefore, the recommendations are presented as they were prior to the announcement.

Status of recommendations (since November 2024)

				Status of Recommendations					nmendations
New	Outstanding	Total	Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Repeated	Implemented	Changed Circumstance
0	16	16	2	14	6	10	0	0	0

		Report Title	Number of Recommendations
•		imary Care Networks Progress Report—March 2025 (originally tober 2017)	2
	>	Department: Evaluate PCN effectiveness	
	>	Department: Informing Albertans about PCN services	

		Report Title	Number of Recommendations
•	CO	VID-19 in Continuing Care Facilities—February 2023	8
	>	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	
•		niors Care in Long-term Care Assessment of Implementation—	2
	>	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	
•	Us	e of Publicly Funded CT and MRI Services—April 2021	3
	>	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	
•	He	althcare Processes—October 2015	1
	>	Department: Establish a proactive check to ensure that individuals with an Alberta healthcare number continue to meet residency requirements	
To	tal		16

Recommendation	When	Status
DEPARTMENT	Progress Report,	Not Ready for
Primary Care Networks Progress Report:	March 2025, p. 2	Assessment
Evaluate PCN effectiveness	October 2017, Performance	Recommendation is older than
We recommend that the Department of Health, through its leadership role in the PCN Governance Structure, work with the PCNs and PCN physicians to:	Auditing, p. 79	three years (>3)
 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.		
DEPARTMENT Primary Care Networks Progress Report:	Progress Report, March 2025, p. 4	Not Ready for Assessment
Informing Albertans about PCN services		
morning Albertails about 1 cit services	> October 2017, Performance	Recommendation is older than
We recommend that the Department of Health, through its leadership role in the PCN Governance Structure, work with PCNs and PCN physicians to:	Auditing, p. 84	three years (>3)
 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".		

Recommendation	When	Status
DEPARTMENT	February 2023,	Not Ready for
COVID-19 in Continuing Care Facilities:	p. 20	Assessment
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.		
DEPARTMENT	February 2023,	Not Ready for
COVID-19 in Continuing Care Facilities:	p. 21	Assessment
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 crossorganizational preparedness cannot be critically evaluated and continuously strengthened.		

Recommendation	When	Status
DEPARTMENT	February 2023,	Not Ready for
COVID-19 in Continuing Care Facilities:	<u>p. 42</u>	Assessment
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.		
ALBERTA HEALTH SERVICES	February 2023,	Not Ready for
COVID-19 in Continuing Care Facilities:	p. 42	Assessment
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.		

Recommendation	When	Status
ALBERTA HEALTH SERVICES COVID-19 in Continuing Care Facilities:	February 2023, p. 43	Not Ready for Assessment
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.		

Recommendation	When	Status
DEPARTMENT	February 2023,	Not Ready for
COVID-19 in Continuing Care Facilities:	<u>p. 43</u>	Assessment
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.		
ALBERTA HEALTH SERVICES	February 2023,	Not Ready for
COVID-19 in Continuing Care Facilities:	<u>p. 51</u>	Assessment
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.		

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 AHS's internal summary reports on continuing care outbreaks. Any recommendations not adopted should be rationalized. We have organized and summarized these recommendations in Appendix E.	February 2023, p. 51	Not Ready for Assessment
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.		
ALBERTA HEALTH SERVICES Seniors Care in Long-term Care Assessment of Implementation:	February 2023, p. 8	Not Ready for Assessment
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.		

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	February 2023, p. 11	Not Ready for Assessment		
 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.				

Recommendation	When	Status
DEPARTMENT Use of Publicly Funded CT and MRI Services:	April 2021, p. 25	Not Ready for Assessment
Implement and measure the effectiveness of standard operational policy and work-flow for electronic order entry		Recommendation is older than three years (>3)
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 clinical decision support (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.		

Recommendation	When	Status
ALBERTA HEALTH SERVICES	April 2021, p. 25	Ready for
Use of Publicly Funded CT and MRI Services:		Assessment
Improve the outpatient CT and MRI intake and scheduling processes		Recommendation is older than three years (>3)
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 clinical decision support (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.		
ALBERTA HEALTH SERVICES Use of Publicly Funded CT and MRI Services:	April 2021, p. 29	Ready for Assessment
Measure and report on performance to identify areas of improvement and promote best practices		Recommendation is older than three years (>3)
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.		

Health

Recommendation	When	Status
DEPARTMENT Report of the Auditor General—October 2015	October 2015, no. 12, p. 101	Not Ready for Assessment
Healthcare care processes: Establish a proactive check to ensure that individuals with an Alberta healthcare number continue to meet residency requirements		Recommendation is older than three years (>3)
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 Alberta Health Care Insurance Act and Regulation.		
Consequences of not taking action: The department may pay for healthcare for people who do not meet Alberta residency requirements.		

Hospital and Surgical Health Services

Status of recommendations³⁹ (since November 2024)

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

	Report Title	Number of Recommendations	
	Report Title	Department	Acute Care Alberta
•	AHS Public Performance Reporting—December 2025	0	1
	Acute Care Alberta: Develop policy and procedure and resolve control weaknesses		
•	An Examination of Community Laboratory Services (Contract with DynaLIFE)—November 2025	2	0
	> Department: Follow procurement processes		
	> Department: Improve records management processes		
То	tal	2	1

On May 16, 2025, the Alberta government announced the split of the Department of Health into two new departments: Primary and Preventative Health Services and Hospital and Surgical Health Services.

Recommendation	When	Status
ACUTE CARE ALBERTA AHS Public Performance Reporting:	December 2025, p. 11	Not Ready for Assessment
Develop policy and procedure and resolve control weaknesses		
We recommend that Acute Care Alberta ⁴⁰ formalize its public performance reporting processes as written policy and procedures, and ensure these procedures resolve process weaknesses noted at Alberta Health Services.		
Consequences of not taking action: Informal processes, and reliance on implicit knowledge and the strength of key staff, leave the performance reporting system vulnerable to future stresses and changes.		
DEPARTMENT	November 2025,	Not Ready for
An Examination of Community Laboratory Services (Contract with DynaLIFE):	<u>p. 6</u>	Assessment
Follow procurement processes		
We recommend that the Department of Hospital and Surgical Health Services and the Department of Primary and Preventative Health Services ensure their own procurement processes, and those of their reporting entities, are followed, specifically that an analysis is conducted and retained to support the expenditure of public money prior to proceeding with major procurements.		
DEPARTMENT	November 2025,	Not Ready for
An Examination of Community Laboratory Services (Contract with DynaLIFE):	<u>p. 6</u>	Assessment
Improve records management processes		
We recommend that the Department of Hospital and Surgical Health Services and the Department of Primary and Preventative Health Services ensure their record management processes document all key decisions, directions, and recommendations—including who made them and rationale. The departments should ensure the same standards are met for their various reporting entities.		

Most of AHS's accountabilities for public reporting and public reporting functions have moved to the newly formed Acute Care Alberta health agency.

Indigenous Relations

Status of recommendations (since November 2024)

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

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

Recommendation	When	Status
DEPARTMENT Indigenous Economic Participation: Improve performance reporting process	May 2022, p. 14	Ready for Assessment
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.		

Infrastructure

Status of recommendations (since November 2024)

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

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

Recommendation	When	Status
DEPARTMENT Procurement Processes: Improve controls for ensuring compliance with trade agreements We recommend the Department of Infrastructure improve its	June 2022, p. 11	Ready for Assessment
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.		
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	Ready for Assessment

Recommendation	When	Status
DEPARTMENT Procurement Processes: Improve access controls for procurement information systems	June 2022, p. 14	Ready for Assessment
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.		
DEPARTMENT	June 2022, p. 17	Ready for
Procurement Processes:		Assessment
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.		

Jobs, Economy, Trade and Immigration

Status of recommendations⁴¹ (since November 2024)

				Status of	Closed Recommendations				
New	Outstanding	Total	Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Repeated	Implemented ⁴²	Changed Circumstance
0	2	2	0	2	0	2	0	1	0

Report Title	Number of Recommendations
Critical Worker Benefit Program—March 2023	1
> Complete payment verification processes	
Indigenous Economic Participation—May 2022	1
> Improve performance reporting process	
Total	2

⁴¹ On May 16, 2025, the Alberta government announced that the Department of Jobs, Economy and Trade had been renamed to the Department of Jobs, Economy, Trade and Immigration.

⁴² This recommendation is reported as implemented in Small and Medium Enterprise Relaunch Grant Program—July 2025.

Recommendation	When	Status
DEPARTMENT Critical Worker Benefit Program: Complete payment verification processes We recommend that the Department of Jobs, Economy, Trade and Immigration, 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	March 2023, p. 11	Not Ready for Assessment
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.		
DEPARTMENT	May 2022, p. 18	Not Ready for Assessment
Indigenous Economic Participation: Improve performance reporting process		Assessment
We recommend that the Department of Jobs, Economy, Trade and Immigration 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.		

Municipal Affairs

Below, we provide details on new recommendations and assessments of implementation resulting from our ministry audit work to support the province's consolidated financial statements.

NEW Recommendation

Department

NEW Recommendation:

Improve financial statement preparation processes for improvement districts

We recommend that the Department of Municipal Affairs improve its processes to ensure the timeliness and quality of the improvement districts' financial statements.

Context

Six improvement districts (IDs) are administered by the Department of Municipal Affairs: 4 (Waterton), 9 (Banff), 12 (Jasper), 13 (Elk Island), 24 (Wood Buffalo), and 25 (Willmore Wilderness). IDs exist where local governance by residents is impractical due to low population density or the nature of the land (e.g., protected parks). They provide local government functions, including the levy and collection of taxes.

The department is responsible for preparing financial statements for the six IDs. A summary statement of revenues and expenses of the IDs is reported in the department's financial statements as trust funds under administration.

Effective processes to prepare financial information help ensure timely reporting that is complete and reliable. These processes include preparing financial statements 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 accounting matters is also necessary to ensure the financial information is complete, accurate, and reliable.

Our findings

Key findings

- The financial statements and supporting documentation for the improvement districts prepared by the department was not timely.
- The improvement districts' financial statements and analysis of certain accounting matters were inaccurate and incomplete.

Municipal Affairs

Timeliness of financial information

During the 2023 financial statement audit, the department identified certain entities involved with Improvement Districts (ID) 4 and 9 that were potentially controlled and therefore require consolidation into the ID financial statements. Management completed their analysis of these entities and their relationship with the IDs in late 2024 and determined which entities are controlled and should be consolidated. However, the IDs' consolidated financial statements for 2023 and 2024, along with supporting documentation, were not completed in time for the audit in March 2025. The department completed the financial statements in late October 2025.

Also, the financial statements for Kananaskis Improvement District (KID) for December 31, 2024 have not been completed as of the date of writing in October 2025.

According to the Municipal Government Act, section 276, each improvement district must prepare annual financial statements and make them, along with the corresponding auditor's report, available to the public by May 1 of the year following their year-end and provide these to the Minister by the same date. As such, the department has not met the legislative reporting timelines for ID 4 and ID 9 for years-2023 and 2024-and for KID for 2024.

Quality of financial statements

Senior level review of financial statements is an important step in the financial control process to help detect errors, omissions, or other issues. Based on our audit work, there was limited evidence that these reviews were done. The draft financial statements of the IDs required multiple rounds of revisions to correct errors and deviations from the ministry's required pro-forma financial statement presentation.

Although management prepared an analysis of control for external entities involved with two of the IDs (4 and 9), additional analysis and documentation by management and our audit team were required. This work was necessary to confirm the method of consolidation and to assess whether a joint venture relationship existed between one of the IDs and an entity.

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 November 2024)

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

Recommendation Summary (by report, newest to oldest)

Report Title	Number of Recommendations
Annual Summary of Ministry Audit Work—December 2025	1
Improve financial statement preparation process for improvement districts	
Flood Mitigation Systems—December 2025	1
> Designate flood hazard area and complete floodway development regulation (originally March 2015, not implemented December 2025)	
Total	2

Recommendation	When	Status
DEPARTMENT Annual Summary of Ministry Audit Work:	December 2025, p. 111	Not Ready for Assessment
Improve financial statement preparation process for improvement districts		
We recommend that the Department of Municipal Affairs improve its processes to ensure the timeliness and quality of the improvement districts' financial statements.		
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.		

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.

Recommendation	When	Status
DEPARTMENT Flood Mitigation Systems:	December 2025, p. 3	Not Implemented
Designate flood hazard area and complete floodway development regulation	March 2015, no. 12, p. 80	Recommendation is older than three years (>3)
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		
We assess this recommendation as not implemented because the risks that prompted it remain unaddressed. The departments stated they will not implement the recommendation and will instead rely on existing measures to mitigate flood hazard risks. However, they provided no evidence of these measures' effectiveness and have no plans to monitor outcomes. Municipal Affairs also declined to provide its risk analyses, citing privilege, leaving our report incomplete on a matter critical to public interest.		
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.		

Primary and Preventative Health Services

Status of recommendations⁴³ (since November 2024)

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

		Report Title	Number of Recommendations
•	ΑH	IS Public Performance Reporting—December 2025	5
	>	Implement a provincial healthcare system performance reporting framework	
	>	Update and clarify the 2005 accountability documents guidelines	
	>	Ensure provincial health entities have policies and procedures aligned with provincial guidance	
	>	Maintain mandatory legal registers for provincial healthcare entities	
	>	Improve corporate records management	
•		Examination of Community Laboratory Services (Contract with naLIFE)—November 2025	2
	>	Department: Follow procurement processes	
	>	Department: Improve records management processes	
To	tal		7

⁴³ On May 16, 2025, the Alberta government announced the split of the Department of Health into two new departments: Hospital and Surgical Health Services and Primary and Preventative Health Services.

Recommendation	When	Status
DEPARTMENT	December 2025,	Not Ready for
AHS Public Performance Reporting:	p. 10	Assessment
Implement a provincial healthcare system performance reporting framework		
We recommend that the Department of Primary and Preventative Health Services implement an authoritative framework for all provincial healthcare system performance reporting to the public.		
Consequences of not taking action: At least six new healthcare entities are being created in the refocusing of the Alberta healthcare system, and ultimately, they are accountable to the Albertans who fund them. Without clear, consistent, and current guidance, accountability reporting will not achieve the high-quality Albertans expect.		
DEPARTMENT	December 2025,	Not Ready for
AHS Public Performance Reporting:	p. 11	Assessment
Update and clarify the 2005 accountability documents guidelines		
We recommend that the Department of Primary and Preventative Health Services update and replace the 2005 <i>Guide to Health Authority Accountability Documents</i> to clarify:		
legislative requirements		
minimum public reporting standards		
 roles and responsibilities 		
 roles and responsibilities which performance reporting frameworks and other guidance are to be followed 		
which performance reporting frameworks and other guidance		

Recommendation	When	Status
DEPARTMENT AHS Public Performance Reporting: Ensure provincial health entities have policies and procedures aligned with provincial guidance	December 2025, p. 11	Not Ready for Assessment
We recommend that the Department of Primary and Preventative Health Services ensure that all publicly funded healthcare organizations develop policies and procedures for public performance reporting, and that policies are aligned with provincial frameworks and guidelines.		
Consequences of not taking action: At least six new healthcare entities are being created in the refocusing of the Alberta healthcare system, and ultimately, they are accountable to the Albertans who fund them. Without clear, consistent, and current guidance, accountability reporting will not achieve the high-quality Albertans expect.		
DEPARTMENT AHS Public Performance Reporting:	December 2025, p. 11	Not Ready for Assessment
Maintain mandatory legal registers for provincial healthcare entities		
We recommend that the Department of Primary and Preventative Health Services ensure that all entities in the provincial health system maintain up-to-date legal registers of applicable laws and regulations.		
Consequences of not taking action: We identified three instances of legislative non-compliance related to performance reporting. Without up-to-date legal registers, provincial healthcare entities are at risk of being non-compliant with the law.		

Recommendation	When	Status
DEPARTMENT AHS Public Performance Reporting: Improve corporate records management	December 2025, p. 11	Not Ready for Assessment
We recommend that the Department of Primary and Preventative Health Services direct all health system entities to develop systems to identify and retain relevant corporate and organizational records for an appropriate time. This system should include records of key people after their term with their respective organizations.		
Consequences of not taking action: Health system entities receive public funding and are responsible for providing essential healthcare to every Albertan. Without improved records management practices, they cannot demonstrate the needed accountability for their recent organizational historic decisions and actions.		
DEPARTMENT An Examination of Community Laboratory Services (Contract with DynaLIFE):	November 2025, p. 6	Not Ready for Assessment
Follow procurement processes		
We recommend that the Department of Hospital and Surgical Health Services and the Department of Primary and Preventative Health Services ensure their own procurement processes, and those of their reporting entities, are followed, specifically that an analysis is conducted and retained to support the expenditure of public money prior to proceeding with major procurements.		
DEPARTMENT	November 2025,	Not Ready for
An Examination of Community Laboratory Services (Contract with DynaLIFE):	<u>p. 6</u>	Assessment
Improve records management processes		
We recommend that the Department of Hospital and Surgical Health Services and the Department of Primary and Preventative Health Services ensure their record management processes document all key decisions, directions, and recommendations—including who made them and rationale. The departments should ensure the same standards are met for their various reporting entities.		

Our audit considered only records and records management practices relevant to the scope of our audit of public performance reporting. We did not evaluate and our recommendation does not extend to other types of records maintained by AHS, including medical and health records.

Public Safety and Emergency Services

Below, we provide details on new recommendations and assessments of implementation resulting from our ministry audit work to support the province's consolidated financial statements.

NEW Recommendation

Department

NEW Recommendation:

Meet reporting requirements for activities under the Civil Forfeiture Act

We recommend that the Department of Public Safety and Emergency Services ensure activities under the *Civil Forfeiture Act* are appropriately recorded, and meet public sector accounting standards and reporting requirements.

Context

The Alberta *Civil Forfeiture Act* (the *Act*) improves community safety by allowing the government to initiate a process to seize (take away) certain property that the Minister of Public Safety and Emergency Services has reason to believe was acquired through illegal means or used to carry out an illegal activity. Civil forfeiture is available even without criminal charges. The government then sells the seized property—such as vehicles, jewelry, real estate, bank accounts, and other valuables—and deposits the sale proceeds along with any seized cash into the civil forfeiture bank account. The Ministry of Public Safety and Emergency Services uses the proceeds to fund community-based programs to prevent crime and support victims, and for other purposes listed in the *Act*.

Different types of government organizations follow different accounting rules, which affects how financial information is shared with Albertans. The department needs to clearly identify what type of government organization the civil forfeiture activities relate to, use the right accounting standards, and ensure appropriate reporting.

Our findings

Key findings

The department is not complying with:

- accounting treatment for civil forfeiture activities under public sector accounting standards
- the Ministry Annual Report Standards reporting requirements

Not complying with accounting standards

Management currently discloses the net proceeds of the forfeitures as a "trust fund under administration" in Note 9 of the province's consolidated financial statements. After reviewing the Act, we found no indication of a fiduciary relationship, which is a key requirement for funds to be classified as trusts under administration under public sector accounting standards. A fiduciary relationship is generally described as a relationship where the fiduciary must act in the best interests of the beneficiary. There is no such relationship established in legislation relating to the civil forfeiture funds. The activities described in the Act fit the definition of a regulated fund in the Financial Administration Act. When the government can direct the financial and operating decisions of the entity, they control the entity. Controlled entities' financial results are to be consolidated into the province's financial statements under public sector accounting standards instead of just being disclosed in the notes.

Because management has not consolidated the financial results of activities carried out under the Act, the ministry and the province's reported results are incomplete and understated. According to unaudited estimates from management, about \$26 million in assets including the bank account balance and assets to be sold, \$4.6 million of interest revenues, and \$3 million in expenses such as grants, are some of the missing items. While these amounts are not considered material and do not affect our audit opinion on the province's consolidated financial statements, they represent a gap in financial reporting.

Not complying with reporting requirements

A regulated fund must have separate audited financial statements in its ministry's annual report under the Ministry Annual Report Standards. These standards are issued by the Treasury Board and Finance department under the authority of the Sustainable Fiscal Planning and Reporting Act. Its financial statements should include all activities, not just the net proceeds held in the bank account. Since the department has not prepared and included an audited set of financial statements for this fund in the ministry's annual report, this legislative requirement has not been

Consequences of not taking action

Without accurate and complete financial reporting of activities under the Civil Forfeiture Act, transparency and accountability to Albertans is missing. In addition, if the department doesn't meet the reporting requirements for a regulated fund, it will remain non-compliant with legislation.

REPEATED Recommendation

Department

REPEATED Recommendation:

Improve financial information preparation and reporting processes

We again 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 is responsible for preparing accurate ministry financial information to be included in the province'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 the financial information help to ensure reporting is timely, 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 2023-2024⁴⁵ audit found that the submitted ministry financial information and the fund's financial statements contained numerous errors that were not identified by the department. We recommended that the department improve its financial information preparation and reporting processes by enhancing its quality control and review activities.

Our findings

Key findings

The department:

- provided initial ministry financial information and fund financial statements that were of insufficient quality and contained numerous errors
- experienced delays in preparing and providing certain financial information

Insufficient quality of financial information

Once again, the department's processes to ensure appropriate accounting treatment and note disclosures did not operate as intended. The fund's financial statements and the ministry's financial information had many errors that management's quality control and review did not catch.

Certain transactions that management recorded did not comply with public sector accounting standards and lacked supporting documentation. We found errors in areas such as contractual obligations, accounts payable, and once again an adjustment made directly to net assets which did not comply with accounting standards. For example, certain contractual obligations were included in the fund's financial statements when there was no actual obligation. Many account balances were classified incorrectly and certain amounts were recognized in the incorrect period. These deviations required department staff to spend a lot of time investigating the causes and correcting the problems. Several of these errors were material.

Several process weaknesses were noted during the audits. The department lacked comprehensive analyses for the accounting treatment of certain matters such as the adjustment to net assets. Reconciliations were not being completed for some information maintained outside of the main accounting system. There was no process to review and assess management's assumptions used to calculate a material estimate in the financial statements. Additionally, explanations were at times inaccurate or insufficient and resulted in adjustments.

⁴⁵ Annual Summary of Ministry Audit Work, Report of the Auditor General—November 2024, page 117.

Public Safety and Emergency Services

We asked management to correct a significant number of items to ensure that the fund's financial statements and the ministry financial information were not materially misstated.

Delays in providing information

The department did not provide certain required financial information in a timely manner. This created significant delays in completing the fund's financial statements, the ministry's financial information and their audits. Support for some key audit requests was provided to our office a month after our original agreed upon due date.

The department was created as a result of the fall 2022 government reorganization and has experienced staffing challenges, especially during this past year. This contributed to the financial information and reporting process deficiencies.

Consequences of not taking action

Without effective and sustainable financial reporting processes, management may not have reliable financial information on which to base their decisions. 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.

Status of recommendations (since November 2024)

			Status of Recommendations				Closed Reco	nmendations	
New	Outstanding	Total	Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Repeated	Implemented	Changed Circumstance
1	4	5	0	5	2	3	1	0	0

Recommendation summary (by report, newest to oldest)

		Report Title	Number of Recommendations
•	An	nual Summary of Ministry Audit Work—December 2025	2
	>	Meet reporting requirements for activities under the Civil Forfeiture Act	
	>	Improve financial information preparation and reporting processes (originally November 2024, repeated December 2025)	
•	An	nual Summary of Ministry Audit Work—November 2024	1
	>	Improve grant management processes	
•		ovincial Hazard Assessment for Emergency Management— ptember 2020	2
	>	Implement a system to develop and maintain a provincial hazard assessment	
	>	Improve monitoring and reporting of recommendations from post- incident disaster reviews	
Tot	tal		5

Recommendation	When	Status
DEPARTMENT Annual Summary of Ministry Audit Work:	December 2025, p. 119	Not Ready for Assessment
Meet reporting requirements for activities under the Civil Forfeiture Act		
We recommend that the Department of Public Safety and Emergency Services ensure activities under the <i>Civil Forfeiture Act</i> are appropriately recorded and meet public sector accounting standards and reporting requirements.		
Consequences of not taking action: Without accurate and complete financial reporting of activities under the Civil Forfeiture Act, transparency and accountability to Albertans is missing. In addition, if the department doesn't meet the reporting requirements for a regulated fund, it will remain non-compliant with legislation.		

Recommendation	When	Status
Annual Summary of Ministry Audit Work: Improve financial information preparation and reporting processes We again 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 on which to base their decisions. 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.	Repeated December 2025, p. 120 > Originally reported November 2024, p. 117	Not Ready for Assessment
DEPARTMENT Annual Summary of Ministry Audit Work: 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	Not Ready for Assessment

Recommendation	When	Status
DEPARTMENT Provincial Hazard Assessment for Emergency Management:	September 2020, p. 17	Not Ready for Assessment
Implement a system to develop and maintain a provincial hazard assessment We recommend that the Department of Public Safety and Emergency	<u>,</u>	Recommendation is older than three years (>3)
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.		
DEPARTMENT Provincial Hazard Assessment for Emergency Management:	September 2020, p. 18	Not Ready for Assessment
Improve monitoring and reporting of recommendations from post-incident disaster reviews		Recommendation is older than three years (>3)
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.		

Service Alberta and Red Tape Reduction

Status of recommendations (since November 2024)

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

Repo	t Title	Number of Recommendations
 Annual Summary of Ministry Au Alberta Gaming, Liquor and Carover liquor revenues 	dit Work—November 2024 nabis Commission: Improve controls	1
Total		1

Recommendation	When	Status
ALBERTA GAMING, LIQUOR AND CANNABIS COMMISSION Annual Summary of Ministry Audit Work: Improve controls over liquor revenues	November 2024, p. 131	Not Ready for Assessment
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.		

Technology and Innovation

Below, we provide details on new recommendations or assessments of implementation resulting from our 2024-2025 ministry audit work to support the province's consolidated financial statements.

NEW Recommendation

Alberta Innovates

NEW Recommendation: Improve information technology controls

We recommend that Alberta Innovates improve its IT controls over IT risk management, oversight of IT service providers, and user access.

Context

An IT control framework is a structured approach to maintaining the Information Technology (IT) environment, ensuring it supports business objectives and mitigates IT risks effectively. The IT control framework encompasses the standards, processes, policies, organizational structures, and individual actions that collectively provide reasonable assurance that business objectives will be achieved.

A strong IT control environment, supported with an IT control framework, helps Alberta Innovates maintain system availability, data confidentiality, and data integrity of its IT systems.

Our findings

Key findings

Alberta Innovates has:

- gaps in its IT risk management practice for effectively managing IT risks
- inconsistent and ineffective documentation of its review of assurance reports
- weaknesses in its user access controls

Gaps in its IT risk management practice for effectively managing IT risks

Alberta Innovates has a risk management standard that requires management to assess and document its risk tolerance and document how risks are managed through mitigation controls, resulting in residual risks that are either within risk tolerance or accepted by management.

Technology and Innovation

Alberta Innovates has implemented an IT risk management procedure where IT risks are documented in a risk register. However, there are gaps in its current IT risk management practice. Alberta Innovates did not:

- document its IT risk tolerance
- assess if its mitigation controls for identified IT risks were effective
- document what the residual level of risks were after mitigation controls were considered
- document how its IT risks were incorporated in the enterprise risk register that was presented periodically to the audit committee

Inconsistent and ineffective documentation of its review of assurance reports

Alberta Innovates uses a number of IT service providers to host the systems that process transactions and carry out critical business functions. Although a portion of its control environment is outsourced to the service providers, the overall responsibility for these controls and processes remains with Alberta Innovates.

To demonstrate that the service providers have maintained appropriate internal controls over processes that Alberta Innovates has outsourced, it receives independent service auditors' reports from service providers for the outsourced controls. The reports include tests of design, implementation, and operating effectiveness of internal controls that are maintained by outsourced service providers for purposes of financial reporting (SOC1) and information security, availability, process integrity, confidentiality, and privacy (SOC2). A significant control weakness in a System Organization Controls (SOC) report could indicate that the service provider is unable to provide Alberta Innovates with an adequate level of service or sufficiently protect its data.

Although Alberta Innovates tracks and documents its review of the SOC reports, we noted it did not:

- document its assessment and conclusion for the deficiencies noted in the SOC reports
- assess whether it implemented the end-user controls identified in the SOC reports and that they are effective
- assess if the controls that service providers outsourced to subservice organizations were in place and effective

Weaknesses in its user access controls

User access controls are the foundation of information security. These controls reduce risk of unauthorized access, limit the impact of segregation of duties, and reduce the risk of data breaches.

Although Alberta Innovates implemented access controls, we found that for controls over its contract management system, it did not:

- promptly remove user access rights
- implement a strong authentication process
- complete periodic user access reviews during the fiscal year

We also found that Alberta Innovates did not document:

- the conflicting roles for its enterprise resource planning system
- its privileged identity management process, including controls related to access to local administrative accounts

Consequences of not taking action

Without implementing and maintaining effective IT controls, Alberta Innovates may not have a resilient and secure IT environment to protect its valuable assets.

Status of recommendations (since November 2024)

				Status of Recommendations				Closed Recommendations		
New	Outstanding	Total	Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Repeated	Implemented	Changed Circumstance	
1	6	7	0	7	2	5	0	0	0	

		ber of endations
Report Title	Department	Alberta Innovates
Annual Summary of Ministry Audit Work—December 2025	0	1
> Improve information technology controls		
Annual Summary of Ministry Audit Work—November 2024	1	0
 Department: Improve user access controls (originally November 2021, repeated November 2024) 		
Alberta.ca Account—July 2024	4	0
> Test automated controls		
> Strengthen data encryption controls		
> Improve program onboarding and governance practices		
> Enhance monitoring of systems		
 Processes to Report on Value Generation—November 2021 	0	1
Alberta Innovates: Improve processes to measure, monitor and report value generated by research and innovation activities		
Total	5	2

Recommendation	When	Status
ALBERTA INNOVATES Annual Summary of Ministry Audit Work: Improve information technology controls We recommend that Alberta Innovates improve its IT controls over IT risk management, oversight of IT service providers, and user access. Consequences of not taking action: Without implementing and maintaining effective IT controls, Alberta Innovates may not have a resilient and secure IT environment to protect its valuable assets.	December 2025, p. 129	Not Ready for Assessment
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 is older than three years (>3)
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

Recommendation	When	Status
DEPARTMENT Alberta.ca Account:	July 2024, p. 5	Not Ready for Assessment
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.		
DEPARTMENT	July 2024, p. 9	Not Ready for
Alberta.ca Account:		Assessment
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.		
DEPARTMENT	July 2024, p. 10	Not Ready for
Alberta.ca Account:		Assessment
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.		

Recommendation	When	Status
ALBERTA INNOVATES Processes to Report on Value Generation:	November 2021, p. 180	Not Ready for Assessment
Improve processes to measure, monitor and report value generated by research and innovation activities		Recommendation is older than three years (>3)
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.		

Transportation and Economic Corridors

Status of recommendations (since November 2024)

				Status of Recommendations			Closed Recommendations		
New	Outstanding	Total	Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years	Repeated	Implemented ⁴⁶	Changed Circumstance
0	6	6	0	6	2	4	0	3	0

		Report Title	Number of Recommendations
•	An	nnual Summary of Ministry Audit Work—November 2024	2
	>	Improve processes and internal controls over financial reporting	
	>	Improve asset accounting processes	
•	Hi	ghway Maintenance Contracts—November 2024	2
	>	Ensure contractors meet their requirements	
	>	Improve guidance and processes to administer extra work	
•	_	ocesses to Provide Information About Government's vironmental Liabilities—June 2021	2
	>	Improve processes to assess, estimate and account for environmental liabilities	
	>	Improve processes to ensure compliance with environmental legislation	
To	tal		6

These recommendations are reported as implemented in *Procurement Processes—March 2025.*

Recommendation	When	Status
DEPARTMENT	November 2024,	Not Ready for
Annual Summary of Ministry Audit Work:	p. 143	Assessment
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.		
DEPARTMENT	November 2024,	Not Ready for
Annual Summary of Ministry Audit Work:	p. 144	Assessment
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 		
Consequences of not taking action: The department's current processes are inefficient and may result in inaccurate financial information.		
DEPARTMENT	November 2024,	Not Ready for
Highway Maintenance Contracts—November 2024:	p. 7	Assessment
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.		

Recommendation	When	Status
DEPARTMENT	November 2024,	Not Ready for
Highway Maintenance Contracts—November 2024:	p. 8	Assessment
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.		
DEPARTMENT Processes to Provide Information About Government's	June 2021, p. 16	Not Ready for Assessment
Environmental Liabilities:		Recommendation
Improve processes to assess, estimate and account for environmental liabilities		is older than three years (>3)
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.		
DEPARTMENT	June 2021, p. 18	Not Ready for
Processes to Provide Information About Government's Environmental Liabilities:		Assessment
Improve processes to ensure compliance with environmental legislation		Recommendation is older than three years (>3)
We recommend that the Department of Transportation and Economic Corridors improve its processes to comply with environmental legislation at highway maintenance yards.		and years (* 3)
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.		

Treasury Board and Finance

Status of recommendations (since November 2024)

			Status of Recommendations					Closed Recommendations		
		l	,	Not Ready for		>3	<3			Changed
New	Outstanding	Total	Assessment	Assessment	Implemented	Years	Years	Repeated	Implemented ⁴⁷	Circumstance ⁴⁸
0	1	1	0	0	1	1	0	0	5	1

Report Title	Number of Recommendations	
 Reporting Performance Results to Albertans Assessment of Implementation—November 2024 	1	
 Results Analysis Performance (originally July 2014, repeated August 2019, Not Implemented November 2024) 		
Total	1	

⁴⁷ Includes four recommendations reported as implemented in *Economy and Efficiency of Cash Management—March 2025* and one reported as implemented in *Public Agency Board Member Recruitment and Selection—July 2025*.

⁴⁸ This recommendation is reported as a changed circumstance in *Economy and Efficiency of Cash Management—March 2025*.

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.

Recommendation	When	Status	
Reporting Performance Results to Albertans Assessment of Implementation: Results analysis performance We recommended that the department implement: processes to monitor ministry compliance with results analysis reporting standards The department informed us that it will not be implementing our recommendation. 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 Recommendation is older than three years (>3)	
Consequences of not taking action: Meaningful results analysis reporting is critical to the government demonstrating its stewardship of Alberta's resources. In the absence of quality results analysis reporting, Albertans will not receive sufficient information to assess whether government programs are achieving desired results, and at what cost.			

Appendix A: Entities We Audit

During our 2024–2025 fiscal year, we conducted 96 statutory financial statement audits. Our independent audits provide assurance on the accuracy and completeness of the financial reporting of the following entities and ensures accountability on the expenditure of public resources. The following is the list of entities for which we audited between April 1, 2024 and March 31, 2025.

Legislative Assembly Office and Offices of the Legislative Assembly

- Legislative Assembly Office
- Office of the Chief Electoral Officer
- Office of the Child and Youth Advocate
- Office of the Ethics Commissioner
- Office of the Information and Privacy Commissioner
- Office of the Ombudsman
- Office of the Public Interest Commissioner

Regulated Funds

- Alberta Heritage Foundation for Medical Research Endowment Fund
- Alberta Heritage Savings Trust Fund
- Alberta Heritage Scholarship Fund
- Alberta Heritage Science and Engineering Research Endowment Fund
- Alberta Risk Management Fund
- Alberta School Foundation Fund
- Human Rights Education and Multiculturalism Fund
- Land Stewardship Fund
- Post-closure Stewardship Fund
- Provincial Judges and Applications Judges Reserve Fund

- Supplementary Retirement Plan Reserve Fund
- Technology Innovation and Emissions Reduction Fund
- Victims of Crime and Public Safety Fund

Government Organizations

- Agriculture Financial Services Corporation
- Alberta Energy Regulator
- Alberta Enterprise Corporation
- Alberta Foundation for the Arts
- Alberta Indigenous Opportunities Corporation
- Alberta Innovates
- Alberta Investment Management Corporation
- Alberta Pensions Services Corporation
- Alberta Securities Commission
- Alberta Social Housing Corporation
- Alberta Utilities Commission
- Canadian Energy Centre
- Gainers Inc.
- Invest Alberta Corporation
- Natural Resources Conservation Board
- Travel Alberta

Crown-Controlled SUCH **Sector Organizations**

Universities

- Alberta University of the Arts
- Athabasca University
- MacEwan University
- Mount Royal University
- University of Alberta
- University of Calgary
- University of Lethbridge

Colleges

- Bow Valley College
- Keyano College
- Lakeland College
- Medicine Hat College
- NorQuest College
- Northern Lakes College
- Olds College
- Portage College

Technical Institutes

- Lethbridge Polytechnic (Formerly Lethbridge College)
- Northern Alberta Institute of Technology
- Northwestern Polytechnic
- Red Deer Polytechnic
- Southern Alberta Institute of Technology

Alberta Health Services and Other Health Entities

- Alberta Health Services
- Alberta Precision Laboratories Ltd.
- Capital Care Group Inc.
- Carewest
- Health Quality Council of Alberta

Commercial Enterprises

- Alberta Gaming, Liquor and Cannabis Commission
- Alberta Petroleum Marketing Commission
- ATB Financial, and its following subsidiaries:
 - ATB Insurance Advisors Inc.
 - ATB Investment Management Inc.
 - ATB Private Equity LP >
 - ATB Securities Inc.
- Credit Union Deposit Guarantee Corporation

Other Entities

- Alberta Teachers' Retirement Fund Board
- Government Employees' Group Extended Medical Benefits Plan and Prescription Drug Plan Trust
- Government of Alberta Dental Plan Trust
- Health Spending Account Plan and Flexible Spending Account Plan
- Improvement Districts' Trusts (Improvement Districts 4, 9, 12, 13, 24 and 25)
- Kananaskis Improvement District
- LAPP Corporation
- Local Authorities Pension Plan
- Long-Term Disability Income Continuance Plan-Bargaining Unit
- Long-Term Disability Income Continuance Plan-Management, Opted Out and Excluded
- Management Employees Pension Plan
- Office of the Public Guardian and Trustee. **Estates and Trusts**
- Provincial Judges and Applications Judges (Registered and Unregistered) Pension Plans
- **PSPP** Corporation
- Public Service Management (Closed Membership) Pension Plan
- Public Service Pension Plan
- SFPP Corporation
- Special Areas Trust Account
- Special Forces Pension Plan
- Supplementary Retirement Plan for Public Service Managers
- Workers' Compensation Board



oag.ab.ca

Contact us:

info@oag.ab.ca 780.427.4222

ISSN 1919-4242 (print) ISSN 1927-9604 (online)

