

Wetland Replacement

Environment and
Protected Areas

**Auditor
General**
OF ALBERTA

Assessment of Implementation Report

Report of the Auditor General
July 2026

Brandon Lundy, MLA
Chair
Standing Committee on Legislative Offices

On behalf of my office, I am transmitting the *Wetland Replacement Assessment of Implementation* to the Members of the Legislative Assembly of Alberta, under the *Auditor General Act*.



Phillip D. Peters FCPA, FCA, KC
Auditor General of Alberta

Edmonton, Alberta
July 2026

Assessment of Implementation Report

Wetland Replacement

Environment and Protected Areas

(April 2010)

Summary of recommendations

We assessed the implementation of the recommendation from our April 2010 audit of controls over wetland replacement.

IMPLEMENTED Recommendation:
Improve controls over wetland replacement

Introduction

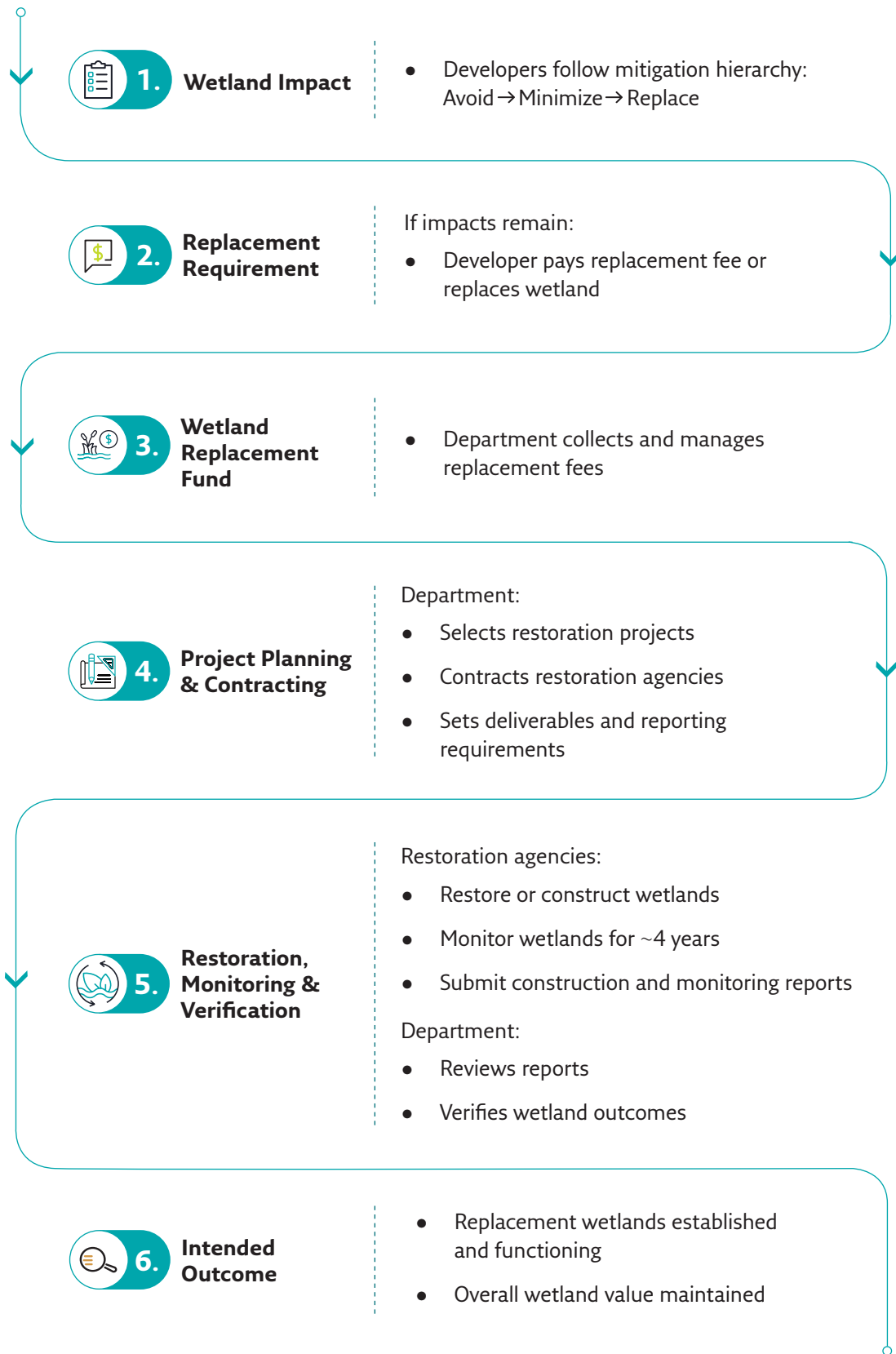
Alberta's wetland policy aims to balance environmental protection with economic development. It focuses on protecting high-value wetlands, reducing overall wetland loss and damage, and allowing responsible development to continue.¹

The policy prioritizes ecological value over size. As a result, project proponents are more likely to avoid or minimize impacts to smaller wetlands with higher ecological importance, as affecting them would require greater compensation.

Under the policy, wetland replacement is carried out by approved restoration agencies. These agencies design, construct, and monitor replacement wetlands. Alberta Environment and Protected Areas (the department) oversees restoration agencies by approving projects, setting requirements through contracts, monitoring compliance, and reviewing outcomes.

¹ [Alberta Wetland Policy](#)

How the Alberta Wetland Replacement Program Works



Agencies are required to submit the following reports to the department:

- a construction report upon project completion
- annual monitoring reports for four years after construction
- a final verification report confirming wetland function² and area restored

All reports must be signed by a qualified professional and demonstrate that wetlands were constructed as approved, with restored hydrology and established vegetation.

The current policy allows multiple restoration agencies, such as municipalities and organizations like Ducks Unlimited Canada. Under the previous 1993 policy, only two organizations—Ducks Unlimited Canada and the County of Vermilion River—carried out wetland replacement. In addition, the City of Calgary implemented its own wetland policy in 2007 and independently collects and manages replacement funds.

Recommendation: **Improve controls over wetland replacement**

IMPLEMENTED

Context

In 2010,³ we found that the department lacked processes for monitoring the wetland replacement agencies' responsibilities and did not know whether wetland replacement funds were being appropriately spent.

We recommended that the department establish clear, enforceable agreements and effectively monitor wetland replacement agencies to ensure they meet their responsibilities. We repeated our recommendation in 2015⁴ and 2021⁵ because the department did not implement sufficient controls.

Our previous work identified several issues. The department did not verify that all funds, including interest, were used for wetland replacement, and it lacked evidence that it reviewed Ducks Unlimited Canada reports. In addition, its agreement with the County of Vermilion River expired without a plan for how unspent funds intended for wetland replacement would be used.

² Functioning wetlands provide benefits such as ecological value (food, water, and shelter for fish, birds, and mammals), hydrological benefits (water storage and release), and improved water quality (trapping of sediment and pollution control).

³ *Report of the Auditor General—April 2010*, page 71.

⁴ *Report of the Auditor General—October 2015*, page 45.

⁵ *Report of the Auditor General—June 2021*, page 59.

Our current findings

The department has implemented our recommendation.

Monitoring under the Wetland Replacement Program

Under the Alberta Wetland Replacement Program (WRP),⁶ the department has established formal processes to monitor restoration agencies and projects.

The department:

- tracks report submissions to ensure they are submitted on time
- has wetland specialists review reports for completeness and the required professional certification as part of the technical review process
- confirms wetland area and function through document reviews and site audits⁷

We examined the design of these processes and found them to be adequate. We also confirmed their implementation by testing a sample of projects. Required reports were submitted on time and included the required information and certifications, and site audits were conducted in accordance with the department's methodology. The department documented the results of its reviews and audits and followed up on identified issues to ensure they were resolved.

Monitoring under the previous policy

Ducks Unlimited Canada

Ducks Unlimited Canada (DUC) held approximately \$6 million in unspent funds collected under the previous policy. In 2022, the department entered into an agreement with DUC to restore 359 hectares of wetlands using these funds.

Under this agreement, DUC was required to submit construction reports for each project, monitor wetlands for four years and related structures for 10 years (with reports available upon request), and provide final verification reports.⁸ DUC also had to submit final outcome and financial reports at the conclusion of the agreement in 2024.

DUC submitted final reports indicating that the required hectares of land were restored through completion of 32 projects. The department reviewed these reports and, for a sample of projects, examined supporting construction reports, concluding that DUC met its obligations. We confirmed this by reviewing DUC documentation, along with evidence of the department's review, findings, and communication with DUC to resolve identified issues.

Verification reports are not yet due, as they are required four years after construction. The department's wetland specialists will review them through the WRP technical review process.

⁶ The Alberta [Wetland Replacement Program](#) is a provincial program that collects wetland replacement funds and uses them to support wetland restoration projects.

⁷ Site audits are conducted for all projects on public land and a sample of projects on private land. These inspections verify project outcomes and identify any deficiencies requiring corrective action.

⁸ These reporting requirements apply to projects requiring *Water Act* approvals. Projects operating under a Code of Practice must provide information upon request.

City of Calgary

The City of Calgary collected approximately \$35 million for wetland restoration between 2009 and 2015, prior to implementation of the current policy. The department entered into an agreement with the city to restore 85 hectares of wetlands using these funds. The agreement expires in 2031.

Calgary is required to submit annual reports on completed projects, outcomes, funds spent, and progress toward restoration targets. The department reviews these reports and meets annually with the city to discuss progress. We found the process to be adequately designed and implemented.

For individual projects, Calgary must also submit validation and verification reports. The department reviews these through the WRP technical review process.

To date, one wetland replacement project has been completed. About \$32 million remains in the fund, with additional projects underway and expected to be completed in fiscal years 2026 and 2027. The department indicated that it may extend the agreement if funds remain at the time of expiry.

County of Vermilion River

The County of Vermilion River has returned the remaining unspent funds collected under the previous policy. This resolves the outstanding issue identified in prior audits related to unspent funds of more than \$500,000 and the lack of a plan for wetland restoration.

Planned evaluation of monitoring under the WRP

An important aspect of the WRP is reviewing the department's monitoring processes to ensure they are effective and provide assurance that restoration agencies are meeting their responsibilities.

The department is developing a formal process to periodically evaluate the effectiveness of its monitoring. This will include reviews every five years and incorporate input from wetland specialists, program participants, and other stakeholders. The process will examine areas such as contract requirements, the department's review of agency reports, and site audit processes and results, and identify opportunities for improvement. The first review is planned for 2026.

We were unable to assess this process, as it has not yet been fully developed or implemented.

About our Assessment of Implementation Report

Management is responsible for implementing our recommendations. We examine implementation plans and perform procedures to determine whether management has implemented our recommendations when management asserts that they have been implemented. We repeat our recommendations if we do not find evidence they have been implemented. We may also issue new recommendations for matters that come to our attention during our assessment.

We conduct our assessments of implementation under the *Auditor General Act*. We apply the Canadian Standard on Quality Management 1. Accordingly, we have maintained a comprehensive system of quality management, including documented policies and procedures regarding compliance with applicable professional standards and applicable ethical, legal, and regulatory requirements.

We comply 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.



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