



Legislative Assembly of Alberta

The 29th Legislature
First Session

Standing Committee
on
Legislative Offices

Tuesday, February 23, 2016
9:01 a.m.

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The 29th Legislature
First Session**

Standing Committee on Legislative Offices

Cortes-Vargas, Estefania, Strathcona-Sherwood Park (ND), Chair
Sweet, Heather, Edmonton-Manning (ND), Deputy Chair

Connolly, Michael R.D., Calgary-Hawkwood (ND)
Cooper, Nathan, Olds-Didsbury-Three Hills (W)
Ellis, Mike, Calgary-West (PC) *
Horne, Trevor A.R., Spruce Grove-St. Albert (ND)
Kleinsteuber, Jamie, Calgary-Northern Hills (ND)
Nixon, Jason, Rimbey-Rocky Mountain House-Sundre (W)
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van Dijken, Glenn, Barrhead-Morinville-Westlock (W)
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Legislative Officers

Jill Clayton	Information and Privacy Commissioner
Del Graff	Child and Youth Advocate
Peter Hourihan	Ombudsman, Public Interest Commissioner
Glen Resler	Chief Electoral Officer
Merwan Saher	Auditor General
Marguerite Trussler, QC	Ethics Commissioner

Office of the Auditor General Participant

Ruth McHugh	Chief Operating Officer
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Office of the Chief Electoral Officer Participants

Kevin Lee	Director, Election Finances
Drew Westwater	Deputy Chief Electoral Officer

Office of the Child and Youth Advocate Participants

Bonnie Russell	Director, Strategic Support
Jackie Stewart	Executive Director, Child and Youth Advocacy

Office of the Ethics Commissioner Participants

Lana Robins	Lobbyist Registrar and General Counsel
Kent Ziegler	Chief Administrative Officer

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9:01 a.m.

Tuesday, February 23, 2016

[Cortes-Vargas in the chair]

The Chair: I'd like to welcome everyone – members, staff, and guests – to this meeting of the Standing Committee on Legislative Offices. I'm Estefania Cortes-Vargas, MLA for Strathcona-Sherwood Park and the chair of the committee.

I'd ask that the members and those joining the committee at the table introduce themselves for the record.

Ms Sweet: Good morning. Heather Sweet, MLA for Edmonton-Manning.

Mr. Nixon: Morning. Jason Nixon, MLA for Rimbey-Rocky Mountain House-Sundre.

Mr. Cooper: Good morning. Nathan Cooper for the outstanding constituency of Olds-Didsbury-Three Hills.

Mr. van Dijken: MLA Glenn van Dijken, Barrhead-Morinville-Westlock.

Mr. Ellis: Mike Ellis, Calgary-West.

Mr. Lee: Kevin Lee, director of finance, Elections Alberta.

Mr. Resler: Glen Resler, Chief Electoral Officer, Elections Alberta.

Mr. Westwater: Good morning. Drew Westwater, Deputy Chief Electoral Officer.

Ms Woollard: Good morning. Denise Woollard, MLA for Edmonton-Mill Creek.

Mr. Kleinsteuber: Good morning. Jamie Kleinsteuber, Calgary-Northern Hills.

Mr. Horne: Good morning. Trevor Horne, MLA for Spruce Grove-St. Albert.

Mr. Shepherd: Good morning. David Shepherd, MLA, Edmonton-Centre.

Mr. Connolly: Michael Connolly, MLA for Calgary-Hawkwood.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Welcome, everyone. For the record I would note the following substitution: Mr. Ellis for Mr. Bhullar. The meeting documents were posted to the committee's internal website, but if anyone requires copies of these documents, please let the committee clerk know.

Before we turn to the business at hand, a few operational items. The microphone consoles are operated by the *Hansard* staff. Please keep all cellphones, BlackBerrys on silent and off the table as these can interfere with the audiofeed. Audio of the committee proceedings is streamed live on the Internet and recorded by *Alberta Hansard*. Audio access to the meeting transcripts is obtained via the Legislative Assembly website.

To move forward to the agenda, a reminder that this committee has one item of business carried forward from the February 17 meeting. Would a member move to approve today's meeting agenda, please?

Ms Sweet: I move.

The Chair: Ms Sweet. All in favour? Any opposed? Motion is carried.

Adoption of the meeting minutes of February 17. Are there any errors or omissions to note? If not, would a member move to approve the February 17, 2016, minutes as distributed?

Mr. Shepherd: So moved.

The Chair: Mr. Shepherd. Thank you. All those in favour? Any opposed? Motion is carried.

All right. The committee will be reviewing the 2016-17 budget submissions of the officers of the Legislature today and tomorrow, and I would like to call the first officer, Mr. Resler, Chief Electoral Officer, to begin his presentation. If you could keep your presentation to about 20 to 25 minutes, that will leave sufficient time for questions. Please go ahead.

Office of the Chief Electoral Officer

Mr. Resler: Good morning. It's a pleasure to be here today to present our budget estimates for the fiscal year 2016-17. Our budget does not run on a standard annual cycle. Rather, we operate on a four-year election cycle. From your preparations for today's meeting you're well aware that comparing our budget to the prior year does not provide you with an accurate picture year over year of how we are managing our expenditures. For example, when you compare our estimates to last year's budget, you'll see that we're estimating an 82 per cent decrease, or \$26 million less. But as you're aware, last year's budget included a provincial map and list review and enumeration and a general election. The year 2016-17 is year 1 of our four-year election cycle, and it will be the lowest budget that we will submit to you. Each year activities will increase, and the budget will progressively grow as we approach the next provincial election. This morning we'll review our overall budget request for 2016-17, provide a breakdown of the numbers, and discuss the variances to prior year amounts.

Elections Alberta has four program areas: corporate services, elections, enumerations, and senatorial selection. There is no planned enumeration or senatorial selection in this year's budget. In the documents provided to the committee you will find estimates for the corporate services and the by-election programs.

If you could please refer to page 1 of your budget document package. As this is our first budget meeting together, I'll provide you with some background information. Looking at the first two columns, the budget-to-actual comparison for the year 2014-15, the budget of \$6.5 million does not include \$2.1 million in supplementary funding that was approved by this standing committee in July of 2014. It was approved to cover unanticipated expenses above our \$6.5 million base budget to prepare for a potential fall 2014 provincial general election. When the four by-elections were called in fall 2014, we no longer anticipated a provincial general election, and the supplementary funds were not processed by Alberta Finance. In January 2015 it once again looked like an early election was to occur. We quickly prepared for the event, purchasing election materials and training returning officers and their office staff. The overexpenditure for 2014-15 was encumbered by the election budget in 2015-16.

The next two columns on page 1 illustrate the budget and forecast for the current year, 2015-16. As you're well aware, the election was called one year early with the issuance of the writ on April 7, 2015. The original budget of \$31.7 million included a provincial map and list review, enumeration, the use of tabulators in the advance polls, and fee increases for election officials. The early election call meant we did not have time to complete these

activities, nor was our legislation amended to allow new technologies in the polls. In total we are looking at a \$10 million underexpenditure in the current year.

Lastly, page 1 provides the 2016-17 estimates and the targets for the subsequent two years.

Our budget figures are based on our core services that we provide annually in addition to the following assumptions that have a direct impact on our activities. We are estimating a boundary commission will be completed by the fall of 2017. During a boundary commission we contract two additional mapping staff for a two-year period to assist with the workload.

There is the legislative review currently under way to be completed within one year, which will take us to September 2016. We anticipate an additional year to draft the legislative changes, which will allow us time in 2018 to produce new election guides, forms, training materials, and to purchase the inventory prior to the 2019 election.

Our election recruitment will commence with province-wide advertising in October 2017, with the process to be completed by February 2018. As you're aware, returning officers are to reside in the electoral division in which they work. Therefore, we have to wait until the boundary commission is completed prior to finalizing their commencements. Once hired, returning officers are paid a monthly honorarium and will receive event training. In the fall of 2018 we'll advertise, interview, and hire the election clerks.

Once the boundary commission has reported to the Legislature and the new electoral division boundaries are approved, we have the 87 returning officers review and redraw the over 6,500 polling subdivisions across the province. The revised boundaries are incorporated into our mapping software, and the 2.8 million electors are reassigned to their new polling subdivision and electoral division boundaries. That is through our map and list review process. This will need to be completed prior to the enumeration in August 2018. The enumeration is scheduled for the fall of 2018, with all data entry completed by the end of the year, and 2019 is the next scheduled provincial general election.

9:10

Finally, our last assumption. We are looking at a minimum wage increase to \$15 per hour by 2019.

Those are the main assumptions that we used in formulating our budget estimate and the targets for the subsequent two years.

Moving to page 2 of your handout, this document provides you with a comparison of the current year budget to the proposed 2016-17 estimates and the dollar and percentage change. As previously stated, the consolidated budgets for these two years are not comparable, and this page was provided as a reference document.

The 2016-17 budget that is under review today is broken down into the two program areas, corporate services and by-elections. If you could turn to page 3, I'll discuss our corporate services budget request. The corporate services program is the only area that remains constant over the four-year cycle in which we can directly compare year to year. Corporate services provides for all permanent staffing at Elections Alberta. We have 23 full-time positions responsible for the general administration; operations; finance; IT; GIS, or mapping; and the register of electors maintenance.

This is my second budget presentation as Chief Electoral Officer, and in last year's budget I reduced the corporate services program by 4 per cent overall, which included an 8 per cent reduction in manpower. For 2016-17 I am projecting an additional 2 per cent overall reduction to corporate services.

Under manpower there are no changes from last year. Although my staff are hired under the Alberta Public Service Act, they are not unionized and are considered opted-out, excluded staff;

therefore, all staff fall under the salary freeze for the next two years. There is no cost-of-living or merit increase, and the April 1, 2016, cost-of-living increase of 2 and a half per cent is provided only to unionized staff.

Under supplies and services, taking a look at contract services, I am decreasing my investigative budget by \$68,000 based on actual costs, and I'm reallocating \$77,000 from contract services to technology services. Our election management system, disaster recovery backup, and hosting function is currently budgeted under contract services. As this is an IT expense, it should be budgeted under technology services; therefore, we're looking to transfer the funds between those two line items.

Taking a look at materials and supplies, we are budgeting a \$29,000 decrease related to desktop support. This expense is now covered under our vendored contract under technology services.

To summarize, our total supplies and services are reduced by 5 per cent, making a 2 per cent net reduction for corporate services, or a decrease of \$97,000.

Finally, for amortization, which is a noncash expense, it decreases by \$320,000 as our server upgrade is fully amortized.

If you could turn to page 5 of the package, with the exception of a general election year we budget for three by-elections whether one is to be held or not. If no by-elections are called, the funds are left unexpended. You'll notice that 2016-17 by-election estimates are being compared to our last by-election budget from two years ago, in 2014-15. This is because we do not budget for by-elections in a general election year. The 2016-17 estimates are based on the actual costs from the five by-elections held in 2014 and 2015.

There are some significant differences in the line items when compared to the previous budget.

Under manpower there is no change.

Under supplies and services, travel is reduced by \$7,000 based on actual expenses. Travel can fluctuate depending on whether the by-elections are held in a rural or urban electoral division.

There is an increase of \$52,000 in advertising. Advertising during elections is legislated. Under the Election Act we must advertise in newspapers of general circulation. There are three separate ads specifying information listed in the proclamation, a listing of candidates and their official agents, and polling place locations and hours. In addition, the cost to design and support a social media campaign is \$8,000 per by-election. Total advertising costs are approximately \$30,000 per by-election depending on the location in Alberta.

Freight and postage sees a jump of \$54,000. Again, this is based on actual costs. We have two primary mail-outs. One is a postcard to every household announcing the by-election, the important dates, and contact information for our office and the returning officer's. The second mail-out is the where-to-vote cards, which are distributed to every household we have in the register of electors. We also have delivery costs and shipping of election materials to the returning officer's office and their pickup after the event.

Under rentals we have a \$5,000 increase. Rentals include the costs of the returning officer's office space, furniture, and polling places. As you're aware, it can be difficult to find space to rent for an election. We never have advance notice, and space is in short supply.

There is a \$3,000 decrease in telephone expenses.

Contract services is decreasing by \$102,000. This is based on the elimination of enumeration fees.

Under technology services we are looking at an increase of \$18,000 based on actual expenses. This is mainly the result of increased automation in the offices, additional office staff, which is attributed to the need for additional support.

Finally, there is a decrease of \$9,000 in the election materials and supplies. The actual cost of by-election materials will vary depending on the inventory levels in our warehouse.

The net increase of the changes to the by-election budget is \$8,000, or 1 per cent.

When we consolidate our corporate services and by-election programs, we are looking at an overall budget decrease of \$89,000. The total budget request for 2016-17 is \$5,668,000.

Before we open the floor to questions, I would like to highlight that we are monitoring the change in the minimum wage. There has been a 10 per cent increase already, and should another increase occur in 2016-17, it will be necessary to revise our fee and expense regulation. This regulation has not been changed since the 2012 provincial general election, and we will not be in compliance with the minimum-wage law without the revision. Election staff are not by any means high-paying positions, and we have to ensure that we are paying above minimum-wage standards in order to attract workers. Election day is a 14-hour day. An increase at the lower level, the poll clerk, will have consequential rate increases to the other levels as well to avoid compensation compression between the various levels of election officials.

The ability to regulate and pay election officers' fees is one of the legislative amendments that we have put forward to the Select Special Ethics and Accountability Committee. If an increase occurs and there's insufficient funding in our budget, we will approach this committee for supplementary funding.

We would now be pleased to answer any questions that you may have.

The Chair: Thank you for your presentation.

I will open the floor to questions from the committee members, and I'll just ask that you ask one question with one supplemental.

Mr. Kleinsteuber: Good morning, and thank you for your presentation. We know, due to the cyclical funding nature of this office, that while we can't directly compare the budget estimates that we have in front of us today with last year or the year before – given that this is your first postelection budget, can you speak to what learnings you took from previous postelection budgets and how those reflect in the realities of the current economic climate that we're in?

9:20

Mr. Resler: As far as the comparison between budgets postelection, corporate services is one of the main program areas that is comparable from year to year, and we are looking at means by which to increase efficiencies. We are decreasing the corporate services budget that we have presented today.

On the by-election portion, which is the three by-elections, obviously, if no by-elections occur, those funds won't be expended. But we are looking at: how can we improve there? The slight increase that we have for the by-election budget: although I wasn't involved in the by-election budget that it's being compared to, we are very aware of those expenditures that we have put forward. A lot of those are without our ability to make any changes. Whether it's staffing costs, rental costs, advertising, we pay the market rates. We do receive discounts as far as the government of Alberta discounts when we're purchasing. We tender where possible. Obviously, without advance notice we're engaging or contracting at the last minute, so market rates will prevail.

But we're always looking at how to increase efficiencies. Currently we're meeting this afternoon with our advertisers, looking at the potential of how we can decrease the costs there. We have made hirings internally in which we have skill sets that we

didn't previously have. So we're looking at the social media aspect, where we may be able to support that in-house without having to contract it out. With our technology side we are looking at the possibility of moving out of Service Alberta, from support from Service Alberta, because we can find it cheaper with a private contractor. So we're looking where we can to cut costs.

Mr. Kleinsteuber: Great. Thanks.

Mr. van Dijken: Thank you for your presentation. I just want to get you to elaborate a little bit. You talked about the minimum wage effect on your budgeting items and that you might have to come back to committee if you see that it's impacting your expected expenditures. You talked about, in order to attract qualified staffing, ensuring that pay is above the minimum wage. I guess I'm trying to get a handle on what you feel possibly the impact on overall wages would be as minimum wage rises. Do you see that impacting your base pay also?

Mr. Resler: Our base pay, as in elections staff?

Mr. van Dijken: Yes.

Mr. Resler: No impact on our base pay. The impact is on election officials, so the staff that we hire mostly for the one day, polling day. If we're looking at projections – and you'll see where two years out we're projecting that the election budget is approximately \$5 million higher – that is based solely on the staffing, that \$5 million piece. The minimum wage going from \$10.20 an hour to \$15 an hour: there's a 47 per cent increase in minimum wage. What we're looking at is 18,000 staff that we hire. So to extrapolate that out, that works out – we'll be looking at between a \$4 million and \$5 million increase as a result of that if it is \$15 come 2019.

So for the year in question – right now we're at \$11.20 an hour. If there is another increase this year, we will have to have the regulation revised, so we'll be coming to this committee stating what those rates would be and requesting Alberta Justice to make the revision. That's because we have to comply with the legislation. Whether we come back for supplementary funding depends on how many by-elections we have in the current year, right? We're budgeting for three. If only one is held, we can make it within the funds that we have. There's no issue there.

But when we're looking at the salaries for elections staff, I am not paying them based on the Alberta Public Service Act regulations. Under those regulations, if you're working an eight-hour day, you're paid straight time for those eight hours. The next two hours would be at time and a half. The next four hours would be at double time. So at that rate, based on the current minimum wage, I wouldn't be complying. Take, say, a poll clerk who's compensated \$200 for a 14-hour day under the Alberta Public Service Act regulations. They'd be paid approximately \$213, so I wouldn't be meeting that threshold. What I am paying the elections staff is based on the employment standards act. That means that the first eight hours are straight time. Any hours exceeding the eight hours would be paid at time and a half. Right now it's just over \$190 in comparison to the \$200 that went toward paying that poll clerk.

That's what we're looking at as far as the salary parts of it and the need to monitor it because of that.

Mr. van Dijken: I guess a supplemental to that. I'm trying to understand the grid that you use for paying elections staff. Are they being paid minimum wage, or are they being paid a grid percentage above minimum wage? How is that established?

Mr. Resler: How was it established in the past? It was established based on: what is a comparable rate across the province? Obviously, we compete against municipalities and the federal government. The federal government is much higher than what we pay, and municipalities are higher than what we pay also. We're hiring the same staff. We're competing with them. They're coming back and saying, "Well, I'm not working for that" or "I get paid more in the other jurisdictions." So we try to find a balance. Obviously, there's no unlimited money. We feel that it's fair pay as far as what we have now with the current minimum wage.

There are some areas in which we should be increasing the rates. I think we're not compensating certain staff for the work they're doing, and it's becoming more difficult to attract the supervisor position. We're slightly above minimum wage, but we're close to it.

Mr. van Dijken: Okay.

The Chair: Mr. Cooper.

Mr. Cooper: Yes. Thank you so much for your presentation this morning on what could be a very busy day for you given some of the discussion that we've heard in the media of, perhaps, a by-election call today. I don't know. But if that does happen, we really appreciate your being here on a day that leads to a very busy month for your office.

I guess my question for you today is around a budget-related question with respect to the hours of operation of your office. I have had some folks express some concern to me about the office only being open till 4:15, I think it is, if I recall, particularly as we get closer to important filing dates, quarterly, and things of that nature. I'm just wondering if there would be significant budgetary impact to your office if the office was to stay open later. By "later" I mean, like, maybe even only till 6 o'clock or something. That would allow people a bit more opportunity to ensure that they're filing on time with respect to quarterly filings that political organizations may need to meet.

Mr. Resler: As far as hours of operation they're standard government hours, so 8:15 to 4:30, no different than any other office.

Concerns as far as filing dates. We're a small office. In the finance area, I guess, there are three staff, so out of the 23 we have three. When we get into the events, because we're such a small office, we are working extended hours. You know, if a by-election is called, our hours will be till 6 p.m., and we're working Saturdays also. There is a limit as far as how much overtime, how much time as far as personal time that we can expect our staff to provide.

The filing dates. You know, when we provide information – say it's for the annual filings – there are several months in which the information can be completed. Do people wait till the last minute? Yes, they do.

9:30

Quarterly filings: obviously, you know, that's happening every three months. The staff member that is responsible for the quarterly filings, I know, does stay longer hours. The people phone. You're dealing with the same volunteers. They're looking at it either quarterly or however often they're looking at it. They may not remember how to access the information. They will phone her, and they'll say: "I'm at work. I can't talk. Can I call you back at 5?" She stays, and she'll make that phone call at 5. So we do accommodate those situations. Usually it's one-offs when the people will phone. Some of the times they're new volunteers, and she's training them over the phone on how to access, give the passwords, that type of

information. We do make accommodations, but it's not a set extended timeline every filing.

This last couple of years there have been quite a few events, whether it's leadership contests, by-elections, general election, that type of thing – a lot of events going on – and we'd be working late hours quite regularly if that was the case. We do accommodate where we can.

Mr. Cooper: Thank you.

The Chair: Thank you.

Mr. Kleinsteuber: This relates back to the budget here and one line specifically. We find that there's a considerable discrepancy – I think you touched on it earlier – between the 2015-16 budget and the forecast. The materials and supplies line, for example, has almost a \$2 million difference. Is the discrepancy due to the recent election? How has this been accounted for?

Mr. Resler: The difference is that some of it was expended in the prior year and some of it is inventory that we currently have within the warehouse, so we didn't have to purchase the items. There is a mixture of that. The biggest line item there was the tabulators, so the use of the tabulators. We didn't have approval on that, so that was left unexpended. The tabulators for a provincial election: I think that alone was around a million dollars, so that was a large chunk of it. You're looking at several hundred thousand dollars in inventory purchases from the prior year and then whatever we had in the warehouse space. So there wasn't a requirement for all those purchases.

Mr. Kleinsteuber: Okay. This is a supplemental. How are the unexpended monies reflected in the budget estimates we see before us today?

Mr. Resler: The unexpended portion isn't reflected at all in the current 2016-17 forecast. They're strictly election related for a provincial election. The only difference in the current year would be materials and supplies, where inventory levels are lower because of the provincial general election, so we're restocking for the three by-elections. We're minimizing the amount of materials and supplies that we're purchasing at this point, and that's because of the legislative review process. A lot of our materials will have to be revised, so we're minimizing the amount that we're purchasing.

Mr. Kleinsteuber: Great. Thanks.

The Chair: Mr. Nixon.

Mr. Nixon: Thank you. I'll be really quick. Thanks for your presentation. You did refer briefly to the fact that you're using Service Alberta for some support staff but that that was more expensive than going to the private sector. Could you elaborate a little bit on that?

Mr. Resler: Right now our servers are hosted by Service Alberta, so we use the GOA facility at the Crawford centre. Our technology hardware right now is about seven years old. It's exceeded its lifespan, so it's necessary for us to update. We're looking at a solution through Service Alberta. We're also looking at our other IT provider. The estimates that have come in have shown that our external provider for other services will be cheaper than the services provided by Service Alberta, so we'll be looking at moving them.

The Chair: Thank you.

Are there any other questions? Mr. Kleinsteuber.

Mr. Kleinsteuber: One final one for me. It seems that there was a considerable number of by-elections over the last couple of years, and the notes that we have in the budget estimates for the by-election funding definitely reflect this. The notes on page 6 mention the actual expenses as justification for the increase or decrease. Unfortunately, though, we don't have the actuals to compare the costs. Are these estimates the same as the actuals, or are we expecting higher or lower costs?

Mr. Resler: We're expecting costs in relation to the budget. In the past the budget has been, you know, the budget amount that was requested previously, adding the cost of living index or adjustment, and then it's just grown from there or hasn't been revised. When I provide a budget to you, I'm looking at whether it is required. The line item: what is the function that's being provided? Is it required? It's very cost based. We're looking at the actual costs, and we're looking at whether the process is necessary or not. So what you see as a budget should be close to what the actual costs will be.

Mr. Kleinsteuber: Okay.

The Chair: Mr. Cooper.

Mr. Cooper: I'm up already?

I forgot to mention in my previous question that I appreciate the tough work that your office must have undergone over the past couple of years to get to be as efficient as possible, particularly in light of the economic climate, coming back with decreases and finding ways that your office can do its part. I know that, certainly, speaking for myself and I would guess that I can speak for my colleagues, we appreciate it when departments are as proactive as possible on ensuring that Albertans are getting the best value for dollar, and I think that over a couple of years it certainly appears that that is what you have undertaken. So thank you. We appreciate the hard yards that you are making there.

Mr. Resler: Thank you.

The Chair: All right. If there are no more questions, thank you very much for joining us today.

Mr. Resler: Thank you.

The Chair: Just for your information, the committee's decisions on the officers' budgets will be sent out by the end of the week.

Mr. Resler: Okay. Thank you very much.

The Chair: Absolutely. Thank you very much.

Our next officer should be in by 10, so we'll take a break.

[The committee adjourned from 9:38 a.m. to 9:55 a.m.]

The Chair: All right, members. We will start our next presentation. I would like to welcome Mr. Graff, the Child and Youth Advocate, and his staff to the meeting.

We'll go around the table to introduce ourselves for the record. I'm Estefania Cortes-Vargas, MLA for Strathcona-Sherwood Park, and I'm the chair of the Legislative Offices Committee.

Ms Sweet: Good morning. Heather Sweet, MLA for Edmonton-Manning and deputy chair.

Mr. Nixon: Good morning. Jason Nixon, MLA for Rimbey-Rocky Mountain House-Sundre.

Mr. Cooper: Good morning. Nathan Cooper, the MLA for the outstanding constituency of Olds-Didsbury-Three Hills.

Mr. van Dijken: Glenn van Dijken, MLA for Barrhead-Morinville-Westlock.

Mr. Ellis: Mike Ellis, MLA for Calgary-West.

Ms Stewart: I'm Jackie Stewart. I'm the executive director of child and youth advocacy with the office of the Child and Youth Advocate.

Mr. Graff: Good morning. My name is Del Graff. I'm the Child and Youth Advocate for the province.

Ms Russell: Morning. I'm Bonnie Russell. I'm the director of strategic support with the office of the Child and Youth Advocate.

Ms Woollard: I'm Denise Woollard, MLA for Edmonton-Mill Creek.

Mr. Kleinsteuber: Good morning. I'm Jamie Kleinsteuber, the MLA for Calgary-Northern Hills.

Mr. Horne: Morning. Trevor Horne, MLA for Spruce Grove-St. Albert.

Mr. Shepherd: Good morning. David Shepherd, MLA for Edmonton-Centre.

Mr. Connolly: Michael Connolly, MLA for Calgary-Hawkwood.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Thank you.

Mr. Graff, if you could keep your presentation to about 20 to 25 minutes, we'll have enough time for questions from the committee. Please go ahead.

Office of the Child and Youth Advocate

Mr. Graff: Thank you, and good morning, Chair Cortes-Vargas and committee members. I'd like to thank you for providing us with the opportunity to talk with you this morning about our 2016-17 budget estimates. It is good to be here again. When we met with this committee in early December, we outlined the work of our office and our role in representing the rights, interests, and viewpoints of young people.

Before we begin I want to introduce members of my staff who are joining us and who will be helping me with this presentation. To my left is Jackie Stewart, who's our executive director for child and youth advocacy. To my right is Bonnie Russell, who's our director of strategic support. The person at the back here who's sitting with us is Tim Chander. He's our manager of communications, and he's participated with his presence at this committee on a number of occasions.

We are here to present an overview of our 2016-17 budget request. The 2016-17 budget estimate for the office of the Child and Youth Advocate is \$13,242,000. This reflects a zero per cent increase from the 2015-16 approved budget. Our budget is broken down into seven program areas. The first is the Child and Youth Advocate's office; second is advocacy services; followed by systemic advocacy, evaluation, and outreach; legal representation for children and youth and intake services; investigations; engagement and education; and strategic support.

Many of the young people who access the services of my office have backgrounds characterized by neglect, abuse, addictions, and

violence. Aboriginal children and youth are the largest group of young people receiving child intervention services. We should all be very concerned about the overrepresentation of aboriginal young people in the child intervention system. It's important to remember that my office provides direct service to some of the most vulnerable young people in Alberta.

The 2016-17 budget estimate for the Child and Youth Advocate's office is \$690,000. It reflects a decrease of \$20,000 from the 2015-16 fiscal year. This \$20,000 decrease represents a reduction of \$15,000 in salaries and benefits. Last year our budget reflected an increase to Child and Youth Advocate salaries which was not approved and, therefore, is not included in this year's budget. In addition to the \$15,000 decrease in salaries and benefits, leased vehicle rental costs for the Child and Youth Advocate were reduced by \$5,000. The Child and Youth Advocate's office has three full-time equivalent positions who provide direction to the organization.

I'll now ask Jackie to talk about advocacy services.

Ms Stewart: Thank you, Del. The 2016-2017 budget estimate for advocacy services is \$2,824,000. This reflects no increase from the 2015-2016 budget. Advocacy services has 20 FTEs who provide individual advocacy to young people throughout the province. We serve approximately 2,500 young people each year who are involved with the child intervention and/or the youth justice system.

From April 1 to December 31, 2015, we served 2,028 young people through screening, information gathering, or by addressing their advocacy issue through advocacy. Our advocates support young people to understand their rights and to exercise them. We continue to support young people, to express their viewpoints, and to have their rights and interests considered by decision-makers.

The systemic advocacy evaluation and research budget estimate for 2016-2017 is \$882,000. This is an increase of \$175,000 over the previous year's budget, with the funding being reallocated from other program areas. This program area was created this year based on our need to lead systemic advocacy and to enhance our quality assurance and research capacities. The systemic advocacy evaluation and research program increased from two FTEs to five FTEs. Some key strategic issues we'll be working on this year relate to supports for young people who are immigrants and to young people who identify as a sexual and gender minority.

As we continue to enhance our evaluation and research capacity, a new project that is under way, that will carry over to the next year, is to evaluate our current advocacy services and legal representation for children and youth standards to determine their effectiveness in what we're trying to accomplish under the Child and Youth Advocate Act.

We will also be developing and implementing service standards for other program areas in our office. We're aligning our advocacy standards with the national advocacy standards developed by the Canadian Council of Child and Youth Advocates, that were released in September of 2015. The OCYA is a member of the council, and Del is currently the vice-president.

Another major initiative under way is to review our performance measures and targets. We want to confirm that we're measuring the right things and to determine if our targets are appropriate. We're always looking for ways to improve our services to young people. This review will continue into the next fiscal year and will tie into the review of the Child and Youth Advocate Act by a committee of the Legislative Assembly beginning in July of 2016.

The 2016-2017 budget estimate for legal representation for children and youth, more commonly known as LRCY, and intake services is \$3,631,000. This is a decrease of \$440,000 from the previous year, and this funding has been reallocated to other program areas. Through a roster of independent lawyers the LRCY

program provides legal representation to young people under the age of 18 who are involved under the Child, Youth and Family Enhancement Act or the Protection of Sexually Exploited Children Act.

In 2014-2015 there were 1,092 legal appointments made for 1,641 children. Last year, for the nine months ending December 31, there were 788 legal appointments made for 1,174 young people. In the last two years we've seen a decrease in the number of young people served through our LRCY program. This decrease is reflective of a shift of casework practice by the Ministry of Human Services and a decrease in the temporary and permanent guardianship applications under the Child, Youth and Family Enhancement Act.

I will now draw your attention to intake services, which is now a part of LRCY. Intake services is the first point of contact with our office for young people, caregivers, and caseworkers wanting to access OCYA services for a young person. Through intake services a caller may have a general inquiry about any area of our office, seek information about available services within the community, or ask that an advocate or lawyer be involved. LRCY and intake services has 5.5 FTEs. Since all intake services have been consolidated into one area, last year's budget has been comparably adjusted to reflect this change going forward to the 2016-2017 budget.

I'll now turn it back to Del.

10:05

Mr. Graff: Thanks, Jackie. The 2016-17 budget estimate for investigations is \$1,729,000, an increase of \$59,000 over the previous fiscal year. This increase is being funded from within the OCYA's existing budget.

Our office conducts investigations into the serious injury or death of a child receiving designated services from the child intervention or youth justice systems. In 2014-15 there were 71 reports of serious injuries or deaths of children in care. Last year, for the nine months ending December 31, there were 44 reports of serious injuries or deaths of children in care. Since the proclamation of the Child and Youth Advocate Act, in April of 2012, our office has received 170 reports of serious injuries or deaths of children. Through our public investigative review reports we have made 46 recommendations to the ministries of Human Services and Alberta Health and to other governing bodies.

The investigations program currently has 8.5 FTEs. Last year two additional investigators were added to this program through the reallocation of resources and funding within the OCYA. For 2016-17 we are requesting approval for one additional FTE to provide professional technical support to this team. No new funding for this position is being requested as funding for the related salaries and benefits will be reallocated from the investigations/contracted services budget and through reallocation of funding from other program areas.

The 2016-17 budget estimate for engagement and education is \$1,272,000. This reflects no change from last year's budget. There are eight FTEs delivering the engagement and education program. Engagement and education focuses on educating young people about their rights and engaging the public and stakeholders and implementing strategies to raise awareness of the OCYA and the importance of respecting the rights of young people.

Engagement and education also focuses on developing positive relationships with aboriginal communities and with other organizations. This program will deliver a special report in 2016 on the overrepresentation of aboriginal young people in the child intervention system. We've consulted with many aboriginal young people, their families, caregivers, and key stakeholders through

focus groups, interviews, and online surveys. We have heard their views on best practices and suggestions on ways to improve the experiences for aboriginal children and families who are involved with the child intervention system.

Our office is very proud of our engagement activities with young people. In 2016-17 we will continue our work with our Youth Advisory Panel and with our friends of the advocate program. We'll also include more young people in focus groups such as the review of our service standards.

Finally, the last program we would like to discuss is the strategic support. I'll turn it over to Bonnie to do that.

Ms Russell: Good morning. Thanks, Del. The 2016-17 budget estimate for strategic support is \$2,161,000 for voted operating and \$50,000 for capital. This represents an overall increase of \$226,000 over the previous year, which includes \$85,000 for software and hardware licensing and \$141,000 for additional IT services. Strategic support has 16 FTEs, who provide financial services, including business and budget planning, information technology management, human resources, accommodations, and administrative support to the office.

The OCYA is currently in the process of moving our program applications out of the Ministry of Human Services' IT environment. As a result of moving these applications, our IT budget requirements will increase on a go-forward basis in order to cover additional costs related to the ongoing maintenance, off-site file backups, and licensing of the hardware and software for these applications. These costs were previously absorbed by the Ministry of Human Services. These additional IT costs will be covered through reductions within other program areas as well as within strategic support's own budget.

We've also provided the committee with another document, that breaks down our 2016-17 budget estimates by type of expense. As you can see within this document, there are minimal changes within the expense type, and overall there is no increase to the budget.

However, we do show a reduction in salaries and wages of \$93,000. This is primarily due to filling positions at lower salaries than originally budgeted. No salary increases, which include merit, in-range, or cost-of-living, will be provided to OCYA staff in the 2016-17 fiscal year. The increase in employer contributions shows an overall increase in the rate applied for our office. The rate has increased from 24 per cent to 25.5 per cent, which is attributed to increases in the employer's share of pension contributions, and this is a result of the salary increases that were awarded in the 2015-16 fiscal year.

We're showing a decrease of \$20,000 in insurance. This is due to lower insurance premiums and deductibles than have been budgeted in previous years.

The other primary increase is in materials and supplies. This increase of \$81,000 relates to the additional hardware and software licensing and insurance for our program applications. The majority of these costs previously were absorbed by the Ministry of Human Services, when our program applications resided within their IT environment.

You'll also note on this page that there are figures identified as amounts not requiring to be voted. These relate to non cash type items.

As previously noted, our 2016-17 budget reflects an increase of one FTE in investigations to provide professional technical support. The new position will be funded within the OCYA's existing budget, so no new funding is being requested for this position. With the additional position it will bring our staffing complement to 67 full-time positions providing services across the province.

Thank you for your attention. I'll turn it back to Del.

Mr. Graff: Thank you, Bonnie. Chair Cortes-Vargas and committee, in conclusion, we are asking you to approve the OCYA's budget of \$13,242,000 to provide quality advocacy services to Alberta's most vulnerable children and youth population. The 2016-17 budget also includes no increase over last year's budget, which this committee approved in September of 2015. We are asking for approval from this committee for one additional full-time equivalent position for investigations; however, we are not asking for any new funding to go with that position.

As an independent Child and Youth Advocate I actively promote accountability within the government's systems that serve children; I'll do the same for my office. I am committed to the young people that my office serves, and we will continue to advocate on their behalf so they can receive the support they need to make positive progress in their lives. Through a review of our service standards and improved performance measures we will continually strive to improve the services that our office provides to young people. You'll also see transparency and accountability within my office as we report on our performance as well as the use of public funds.

Chair Cortes-Vargas, I want to thank you and this committee for the opportunity to talk with you about our 2016-17 budget request. We'll be happy to answer any questions that you may have.

Thank you.

The Chair: Thank you for your presentation.

I'll open the floor up to questions, and Mr. Cooper will start us off.

Mr. Cooper: Good morning, Mr. Graff and staff. I appreciate your appearance before the committee today and also appreciate the work that you do. I have had the honour of being involved with children in care for a variety of reasons, including taking care of a number of them, so I have some sense of the joys and the pains that come along with that. I know that your office, particularly on the investigations side, deals with a lot of the pain side of that ledger, so I appreciate the work that you do for our province and on behalf of children.

My question for you is around your comments about the approval of the additional full-time investigator. Help me understand, if you can, why you would want or need our approval for an additional full-time employee given that there's no additional resource required – it sounds to me like that may be an operational decision that you could make, but perhaps there's something within the legislation that I'm unaware of – or exactly why we would need to provide an approval for an additional employee for you.

Mr. Graff: My response is really one of understanding that the allocation of FTEs is something that this committee has approval responsibility for. Certainly, we've identified the resources and the capacity to provide the FTE. I mean, I may be misinformed, but my understanding is that that's the case, that in fact there are dollar allocations and then there are FTE allocations. If I need to be corrected, then certainly I would be.

10:15

The Chair: Just to note on that one, we don't normally approve staffing increases. What we do approve are the budget estimates completely, and then the distribution of those funds is at your discretion.

Mr. Graff: Okay. Well, then I would suggest that it just be contained as part of the information that we provide to you.

Mr. Cooper: Let me add that I appreciate your desire to be as open and transparent as possible. So, you know, it's not like it's – you

haven't done something horrible here. I was just more so curious as well, like yourself. So I appreciate your desire to be as transparent as possible.

The Chair: Thank you.

Mr. Connolly.

Mr. Connolly: Thank you, Chair. First question. Last fall this committee, of course, passed a motion – I think it was possibly our first motion as a new committee – to restore some much-needed funding for this office that was unnecessarily cut during last year's estimates, from the 2015-16 budget. How has this restored funding been put to use, and how was this reflected in the budget estimates that we're considering before us today?

Mr. Graff: The request was to cover the costs of a number of FTEs that we had in our investigations unit. We'd had the resources to cover them for seven months of the year. Those resources that were additionally provided enabled us to cover them for the remaining five months and enabled the ongoing annual costs for those positions to be covered.

Mr. Connolly: Thank you.

The Chair: Are there any other questions? Mr. Connolly.

Mr. Connolly: Thanks again. While there is a slight increase in the line for systemic advocacy, evaluation, and research, there is a corresponding decrease in the line for legal representation for children and youth and intake services. How will this change in priority affect your mandate, and will it have any knock-on effects to the youth that you are serving?

Ms Stewart: The main reason there is a reduction in the legal representation for children and youth budget is that there has been a decrease in the number of court applications, so that funding is not fully required. It was reallocated to areas of our office where we felt that it was needed, which is, namely, the systemic advocacy, evaluation, and research side.

Mr. Connolly: Thanks.

You mentioned that there are some savings in legal services due to a reduced need/not having to assign lawyers. Can you give us a bit of information about how that process has changed?

Ms Stewart: Well, I think that to maybe explain it a little bit further, there have been changes in Human Services in their practice. Essentially what has happened is through two major initiatives, the signs of safety and then also their casework practice model. Again, there have been reduced court applications. In other words, more kids are staying at home in the child intervention system, so consequently there has been less need for children to be represented in court proceedings.

Mr. Connolly: Thank you.

I have one more question if nobody else has a question. I'll let you ask.

The Chair: Okay. Mr. Connolly.

Mr. Connolly: Thank you. Lastly, I am pleased to see that there is an increase in the budget estimate for investigations. The need for increased investigations is something that all of us on the committee can likely agree on. Is this increase due to an unexpected increase in investigations or a change in your priorities?

Mr. Graff: I would suggest that it's not attributable to either or those. Our priorities have stayed constant. Our capacity to meet those priorities has been where there's been a challenge, and the shift in terms of additional resources just increases our capacity to do what we are mandated to do. What has happened is that we've had some delays, I think, in terms of the ways that we would want to proceed, and these additional resources will help reduce the timing of those delays.

Mr. Connolly: Thanks. That's all the questions I have.

The Chair: Mr. van Dijken.

Mr. van Dijken: Yes. Thank you, and thank you for your time and the service you do in our province. Just one question. You bring up the capacity to fulfill your mandate. I guess my question would be: with the proposed budget that you have put forward, are you confident that you will be able to successfully fulfill your mandate with the resources that are being requested here?

Mr. Graff: Yes, I am. I reiterated when I last spoke to this committee about the additional requests for funding in last year's budget cycle that those were the resources that we would require to in fact be able to adequately meet our mandate. I'm confident that with the resources that we're asking for today, that will be the case.

The Chair: Mr. Cooper.

Mr. Cooper: Thank you. My question surrounds investigations. Is there any correlation between the number of people requiring services going down and investigations going up? Like, that seems strange to me. Do we have any understanding of why that might be happening?

If I recall correctly, I guess probably two budget cycles ago there was some back and forth on this committee prior to the last election and some time ago around additional resources for investigators. Now I see an additional full-time employee. You know, over a three-year period it seems to me that there are, like, three or four additional investigators compared to what you had previous to that, so it seems like there's this massive amount of increase on the investigation side, but the intake side is down. Now, I think the intake side going down is potentially very wonderful. Is there any connection there, do you think?

Mr. Graff: I would suggest that the connection is more related to changes to amendments to our legislation than it is to a population change in terms of the child in care population. The first year of our investigations we had 20 reports of child serious injury or death. There was an amendment then to our legislation, and that changed in the following year to 35 reports of child serious injury or death. Then another amendment, that came in May of 2014, resulted in, I think, 71 reports of child injury or death. Those changes, those legislative amendments, would have been the drivers for an increased demand for resources.

The Chair: Any other questions?

Okay. Thank you very much for your presentation and to your staff as well this morning for responding to the committee's questions. For your information, the committee's decisions on the officers' budgets will be sent out by the end of the week.

Mr. Graff: Okay. Thank you very much.

The Chair: Our next group will be here by 10:45.

[The committee adjourned from 10:24 a.m. to 10:46 a.m.]

The Chair: All right. We'll start back up.

I'd like to welcome Ms Clayton, Information and Privacy Commissioner, and Mr. Brower, deputy commissioner, to the meeting. We'll go around the table to introduce ourselves for the record. I'm Estefania Cortes-Vargas, MLA for Strathcona-Sherwood Park and the chair of Legislative Offices.

Ms Sweet: Good morning. Heather Sweet, MLA for Edmonton-Manning.

Mr. Nixon: Good morning. Jason Nixon, MLA for the great riding of Rimbey-Rocky Mountain House-Sundre.

Mr. Cooper: Good morning. Nathan Cooper for the outstanding constituency of Olds-Didsbury-Three Hills.

Mr. van Dijken: Glenn van Dijken, MLA for Barrhead-Morinville-Westlock.

Mr. Ellis: Mike Ellis, Calgary-West.

Ms Clayton: Jill Clayton, Information and Privacy Commissioner of Alberta.

Mr. Brower: LeRoy Brower, Assistant Information and Privacy Commissioner.

Ms Woollard: Denise Woollard, MLA for Edmonton-Mill Creek.

Mr. Kleinsteuber: Jamie Kleinsteuber, MLA for Calgary-Northern Hills.

Mr. Horne: Trevor Horne, MLA for Spruce Grove-St. Albert.

Mr. Shepherd: David Shepherd, MLA for the somewhat-superlative constituency of Edmonton-Centre.

Mr. Connolly: Michael Connolly, MLA for Calgary-Hawkwood.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Thank you.

All right. Ms Clayton, if you could keep your presentation to 20 to 25 minutes or so, that will leave enough time for questions. Please go ahead. Thank you very much for coming early as well.

Office of the Information and Privacy Commissioner

Ms Clayton: Happy to be here, and, yes, looking forward to presenting on our budget.

Actually, if we can move to the next slide, I'll give you an overview of what I propose to cover this morning. We were here in December and provided an orientation to the mandate of the office, who we are and what we do. I'm going to just cover that very quickly again in case anybody needs a reminder. It will be very, very quick. We'll speak a little bit about where we ended up at the end of fiscal year 2014-15, and hopefully that will set the context for a quick review of our current budget. Most of the presentation today will focus on our budget estimate for 2016-2017. I don't know that I will be 20 minutes, hopefully less than that.

First of all, the office of the Information and Privacy Commissioner. This is who we are, what we do, and some of the issues in front of us. As I said, just a very, very quick review. I am the oversight body for three access and privacy laws. We have the Freedom of Information and Protection of Privacy Act, the Health Information Act, and the Personal Information Protection Act. These deal respectively with the public sector, the health sector, and

the private sector. Our job is to provide oversight to ensure compliance with these acts.

Our mandate. We are a quasi-judicial oversight body. We conduct investigations in response to complaints and on my own motion. We review responses to access requests. Primarily in the public sector individuals make requests for access to information from government bodies. We review those responses. We have an adjudication unit; that's the quasi-judicial piece of what we do. We have the ability to issue binding orders after holding inquiries. I have a mandate to inform the public about the act, so an education and outreach mandate. I have the ability to comment on existing or proposed legislation and programs, record linkages, and data matching. We provide advice and recommendations both to the public and to the regulated stakeholders. We also have a mandate to commission research to access and privacy issues.

Some of the current issues that are in front of the office, as we mentioned in our presentation last December, include legislative reform. There have been some amendments made to the Health Information Act around mandatory breach reporting. We're expecting that those amendments will come into force in June or July of this year. The Personal Information Protection Act is currently under review. Submissions on that review are due this Friday as a matter of fact.

We also had identified as a current issue the number of data breaches and offence investigations we have under way. We've seen a significant increase in privacy breaches reported to our office, both voluntarily and under mandatory reporting requirements under the private-sector legislation. We've also seen a significant increase in the number of offence investigations that we've taken on, which takes a significant number of resources.

Another significant issue that's in front of us has to do with information sharing. We're seeing information-sharing initiatives that involve cross-sectoral information sharing through the public sector, private sector, and health sector. Everybody, I think, has heard the term "big data." That's another issue that's in front of us, governments in particular wanting to make better use of information, so secondary use of data, national security or public safety issues, the idea that law enforcement needs access to information. We've collaborated with our colleagues in other jurisdictions, and we've also been interested in the issue of deputizing the private sector. We had released a research paper on that idea, the idea that private-sector businesses collect information that is of interest to public bodies and law enforcement in particular.

Another issue: transparency and accountability. I think that we've certainly seen that in Alberta over the last couple of years with the proactive disclosure of expense information and discussion in government and through the media on proactive disclosure of responses to FOIP requests and also the proactive disclosure of salary and compensation information.

Finally, ubiquitous technology. This is certainly something that we see in all sectors – public sector, private sector, and health sector – new technology and trying to keep up with new technology. Again, big data comes to mind. We've recently published some guidance on body-worn cameras, biometrics. We've had some investigations on that subject. Insurance telematics: we recently published some guidelines on how to do privacy impact assessments for insurance companies who are interested in tracking driving habits. Social media issues, of course, and bring your own device is another topic that we recently published some guidance on. All new technologies, all with access and privacy implications. We try and stay on top of those things. We try to provide proactive guidance to the regulated entities that are trying to adopt some of these new technologies.

All of these issues are the kinds of things that we've addressed in our three-year strategic business plan, which we presented on last December and in more detail in our business unit operational plans. That three-year strategic business plan identifies – and again, copies of that and some of that detail we covered last December.

Just as a reminder we have four key goals, the first being enhanced access to information and protection of personal and health information by government and regulated stakeholders. That has to do with the activities that we direct to the regulated stakeholders.

Our second goal is to increase awareness of access and privacy rights through engagement with Albertans, which is trickier in some ways than the regulated stakeholders, but we have identified that as a priority.

Thirdly, efficient, effective, and timely processes. In December I spoke quite a bit about a number of new processes that we have introduced in the office following a restructuring and review of the office, and I think we're making some significant progress there.

Finally, fourthly, that staff members are engaged, knowledgeable, and expert. I've already alluded to technology changes, for example. So trying to keep on top of that sort of thing is always an ongoing challenge for our office, to keep on top of access and privacy issues generally and technology in particular.

That is the quick and dirty overview of who we are, what we do, and the issues that are in front of us and what our business plan sets out as goals for addressing that.

10:55

Now I think we'll turn to the statement of operations for the 2014-2015 fiscal year. In 2014-15 – it seems such a long time ago now – our total approved budget was \$6.9 million. We spent approximately \$6.8 million of that and returned just under \$200,000, which was 2.8 per cent of our total approved budget at the time.

I think the thing to know about that budget and our budget now is that salaries, wages, and employee benefits make up about 83 per cent of our budget. In 2014-15 the savings that we returned were primarily related to decreased payroll expenses. We were below budget on our personnel costs due to a number of vacant positions. Again, I mentioned an office restructuring. We also did a full review of our position descriptions and classifications within the office. For a time, when we had vacant positions, we were doing that review and we weren't filling those positions. So we had a number of vacant positions. We had some staff leave. We ended up hiring new staff into some of those vacant positions at salaries that were lower than budgeted for, and as a result of those vacancies we also had lower professional fees and conference fees.

The reduced payroll-related costs were offset by increased costs for supplies and services. Really, because we didn't have staff in positions, we ended up contracting other staff. Some of that money for increased contract expenses went to external legal counsel. We have an in-house litigator, and that person was on leave for a year, so some of our increased contract costs went to engaging external legal counsel.

We also had increased contract dollars to fulfill our office mandate, which included hiring temporary staff to assist with investigations and privacy impact assessments, reviews of privacy impact assessments, to assist us with some research to prepare for the upcoming and now current review of the Personal Information Protection Act.

We had also engaged an external adjudicator. I had a conflict in a number of matters that were going to inquiry, so we had some external costs to bring somebody on to hear those inquiries.

Some of those costs, other supplies and services, were reduced by about \$70,000. Overall, as I said, we ended up returning about 3 per cent of our budget in 2014-15 as a result.

That brings us to our current fiscal year and our 2016-17 budget request. Currently, for 2015-16, our operating budget is \$6.8 million, and that represents a decrease of 2 per cent from our 2014-15 budget. In real dollars that's about \$140,000. We accomplished that 2 per cent reduction by – probably the most significant change was that we have two vacant FTEs. We have a total of 42 full-time equivalents in the office, and currently 40 of those positions are filled. They were vacant at the time of the start of the 2015-16 budget, so we've held those positions vacant to meet our 2015-16 budget reduction.

We also reduced our professional development costs, in particular travel and conference fees for staff, and training costs. In previous years we have organized some mandatory training for staff, where we bring somebody into the office to provide training on an issue like procedural fairness in investigations or plain-language writing through the administrative justice association. We didn't budget for that this year, and we were able to reduce our professional development costs that way.

We had a slight reduction in advertising. The only advertising we really do is to recruit to fill vacant positions. We had filled the positions, so we didn't have that in our budget for this current year.

We had a reduction in our hosting/working sessions budget. We had previously planned to do some additional outreach work, some survey work, working with focus groups to engage with Albertans and stakeholders. We had plans to do some educational materials for the website, and we put those on hold.

We also had a reduction in printing costs. We were able to take care of some of our printing in the 2014-15 year. So we hadn't planned for some things like furniture evergreening and computer equipment evergreening and printing costs. That's how we met our 2015-16 budget reduction, and essentially for 2016-17 we are trying to hold that line.

I'll provide some details about what we're proposing for the next fiscal year. Overall our total personnel costs are estimated to decrease in 2016-17 while maintaining our current staffing levels. We're doing that by keeping those two positions vacant at the moment. Of course, we've had some direction from corporate human resources. We're not budgeting for any cost-of-living increase or any merit increases. So we're keeping our current staffing levels, and we're not projecting any increases. Some of the reason why the personnel cost has gone down even though we're maintaining current staffing levels has to do with staff being on leave, so we've ended some duplication of salary when individuals go on leave. When someone goes on long-term disability leave or mat leave, something like that, there are still some costs that we pay until such time as benefits take over. We were doing that, but we're not doing that in the coming year. We also filled some vacancies, again, at lower costs.

Our benefits estimate is based on 26 per cent of salaries, which is the same rate that we've used in previous years, and again this year we've taken a look at our professional development budget. We're not proposing to provide the mandatory training, so we've, again, further reduced our professional development budget, which includes things like conference registration fees. We've reduced that a little bit more based on our current year actuals and our forecasted expenses. Some of those savings are offset by a slight increase in professional fees, so we don't control that. But we have professionals on staff for whom we pay certain memberships, and those costs do go up and have gone up slightly.

I should note that while we have developed this budget estimate based on, as I said, maintaining our current staffing levels of 40 of

our 42 FTEs for now, this is causing some fairly significant strain on the office, and it does affect the timeliness of the work that we do and how long it takes us to resolve matters and complete investigations. As I had discussed last December, we are devoting a lot of time and energy to looking at our own internal processes and trying to figure out ways to be more efficient. We are seeing some very positive results, and I think things are turning around. We've certainly managed to make a big dent in a backlog that we had developed.

I did want to let you know that – I've already mentioned that we're expecting some changes to go through to the Health Information Act in June or July of this year. When those changes go into force – and that involves mandatory reporting of certain breaches in the health sector to my office – we'll be taking a look at the impact that that might have on the office. I just don't think that at this point we can accommodate an increase in complaints and an increase in breaches with our current staff. But if those changes do come through, we would be preparing a business case and taking a good, close look at the resources we think we might need to support that, and then I would request to appear in front of you at that time. We'll see what happens with that, but at this time we're not budgeting for any changes of that nature.

In terms of supplies and services overall we're projecting a slight decrease in our personnel costs but a slight increase in supplies and services.

Line by line, again, we reduced our travel budget again. This is professional development travel. We do have some operational travel within the province. We do have offices in both Calgary and Edmonton – we have staff that go back and forth – and we have a mandate across the province. So if an investigation requires us to travel, we do have some dollars budgeted for that. However, we have reduced our travel budget again based on an expectation that staff will not be attending as many conferences and events like that in the upcoming year.

11:05

There is no change to our advertising budget, really. Should a position become vacant – I'm certainly hoping that doesn't happen – we have some dollars budgeted to recruit.

Our insurance budget is a slight increase, and that's, again, based on our current year actuals. It seems to go up by about that much every year.

Freight and postage. We've seen a decrease. This actually goes back a few years. We changed some of our internal processes so that we're not responsible for the costs of distributing materials related to, for example, inquiries, and that over the years has resulted in a decrease in our freight and postage and courier costs. So we've budgeted this year based on current year actuals and what we're forecasting.

Rentals. We've seen a slight decrease. We've made some changes to – basically, rentals is for things like photocopiers and fax machines. We've brought in a high-end photocopier, but we got it on standing offer, so we've had some decreases there, not by much but a little bit.

Telephone and communication. A minor reduction there. We changed some people to different cellphone plans.

Repairs and maintenance. That budget, I think, has remained pretty much the same for many years.

We're seeing a slight increase that we're expecting for contracted services, legal. This is because, again, our in-house litigator is going to be on leave this upcoming year, so we're predicting that we will have to go to external legal counsel for judicial reviews. However, we've seen a decrease in judicial reviews, so we're not expecting to go back to our previous budget level a few years ago, which was

closer to \$500,000. So we've put in some money to accommodate external legal costs while our in-house person is on leave.

Contract services, nonlegal. We've budgeted for a couple of things. Typically the things that this budget line item goes towards are things like offence investigation, so we bring on some assistance. We have an investigator who helps us out with offence investigations. It includes the contract that we have for physical premises security, so our alarm contract. It includes things, as I mentioned already – we have retained an external adjudicator to hear a couple of inquiries that I can't hear because of a conflict and nobody in the office can hear. It also includes our human resources and finance coverage. We used to have positions, full-time equivalents, in the office dedicated to HR and to finance. Some years ago we made a change, and we have those individuals on contract for only the amount of time that we really need them in the office. So that's typically what that budget is made up of.

This year the slight increase is due to, as I've mentioned and as we talked about this in the annual report – we've really seen an increase in breaches reported to our office, not just breaches reported but breaches that give rise to possible offence investigations. Those are very time consuming but also resource intensive because we have to make – we conduct the investigation. We collect evidence that we provide to the Crown so that the Crown can make the case in court, which is quite different from the other kinds of compliance investigations that we do typically, which involve recommendations and that sort of thing.

We also have increased, as I said – we have a small increase in our offence investigation budget because we have a number of offence investigations under way that will carry on into the next fiscal year. We've increased our contract for our external first responder for our security alarm.

We have some money in there for a records management project, and that is to deal with things – our business plan includes an initiative that includes looking at how we can shift to a paperless office. We have a fair amount of I won't say pressure but certainly requests to the office to accept electronic submissions from the various parties who are involved in mediation and investigation or an inquiry. We receive documents on disc and on CD, in an electronic format. We would be interested in moving forward, but that's not something that happens overnight, moving to a paperless office. We would need some assistance to come up with a plan for how we can do that over the next couple of years, including accepting electronic submissions, imaging documents. We have an issue with our HR documents; we still have paper copies as opposed to electronic copies. Of course, this also includes having a look at updating our records schedules, which I think is very important. So that's contracts, nonlegal.

The next budget line item is technology services. We've budgeted a slight increase there. That increase is mostly due to a decision that we made this year where we moved our website. It was hosted with a particular provider, and we moved to a new website provider, and that was mainly for security purposes. We had an instance with our website. It didn't affect any personal information. We don't collect any personal information on our website, but clearly we had an issue that needed to be dealt with, so we found a new website host, and they are more expensive, but they're providing excellent service. There are also some dollars in there for maintaining existing information systems.

Our hosting and working sessions budget: we've decreased that. Our current budget, the \$23,000, also included some money to host the national, federal, provincial, territorial commissioners, so we did that this current fiscal year. We did that last October. I should say that basically we do pay for some of that, but we get the money back. Not all of it, but we do invoice the other jurisdictions to cover

some of those costs. That budget, \$23,200, did include the costs to host, and now that's missing from this year's budget. We've reduced some of the other hosting working expenses because we've been looking for and found other venues for the events that we put on.

Every year we celebrate international Right to Know Week. We have events in Calgary and Edmonton. We celebrate Data Privacy Day in January every year. We have events in Calgary and Edmonton. We've shifted our education and outreach program from putting on big legislation-specific conferences to delivering very practical workshops on things like privacy impact assessments and breach response. We've come up with a program to deliver those. We deliver sessions throughout the province multiple times a year on those very practical kinds of things, but we've found venues and ways of delivering that education and outreach that don't require us to pay for venues. Sometimes we're partnering, and sometimes we just found no-cost or low-cost venues, so we've reduced our expenses that way.

Materials and supplies. We reduced our office supplies and printing costs, but that is offset by – we have budgeted a little bit for upgrading and evergreening computer monitors and furniture, computer monitors in particular. We didn't do that with this current budget year. That's one of those things that if we don't maintain it, eventually that becomes a big cost, so we would like to put some money back in the budget to do a little bit of that this year. That's supplies and services.

Finally, we do have one capital item in our budget estimate for 2016-17, and that has to do with, yes, the purchase of a next-generation firewall. What that means is that one of the things we did this year, 2015, is that we conducted a security assessment. We brought in an external party to test our systems and identify any gaps. As the Information and Privacy Commissioner I think we have an obligation to make sure that our systems are secure. We had some folks in to look for potential security vulnerabilities and areas of improvement. We've made some changes. We've done a fair amount of staff training around certain things as a result of that assessment, but one of the recommendations that came from that is that we take some steps to segregate our IT network and implement better technical controls to protect the network from intrusions. We've identified the implementation of the next-generation firewall as an acceptable or appropriate technical security control.

We were looking at a particular solution, then after some discussions, in particular with the Auditor General's office – they have a device that they use that they're very happy with, and it's an intrusion detection system and also an intrusion protection system. That will facilitate the segregation of our network into different security zones and address the concern that came about as the result of the security assessment that we did. That is a capital purchase of \$35,000.

Overall, with the decrease in personnel costs, a slight increase in supplies and services, and the capital purchase, our request for 2016-17 is essentially holding the line, but there's a \$14,000 increase, which is .2 per cent of our budget.

That's my presentation. I'd be very happy to take any questions.

11:15

The Chair: Thank you for your presentation.

I'll now open the floor to questions, using the same routine as before. Mr. Ellis.

Mr. Ellis: Thank you. Jill, thank you very much. That was an excellent presentation, and thank you for what you do. It's an excellent service that you do provide. Just in regard to your last point, in regard to the \$35,000 for that security firewall – you've

certainly articulated why you need it. Was there something that sparked the concern for the assessment? Did you have some breaches or concerns?

Ms Clayton: For the assessment that they did generally?

Mr. Ellis: Yeah. Was this a routine assessment that is done on your firewall, or was there something that, you know, sparked a reason to get the assessment, which, of course, had the result of finding . . .

Ms Clayton: No. The assessment itself, when we decided to go ahead with that in 2015, was more of a recommendation made by our IT manager within the office. Our previous business plan, I should say, had a goal in it where we talked about walking the talk and how important it is that the things that we tell other people to do or make recommendations to other stakeholders to do, we should be doing ourselves. It puts us in a better position, frankly, to understand what it is we're asking others to do, and certainly we have made the recommendation many, many times that regulated entities should be doing periodic assessments to identify gaps. It's something that had been discussed in the office, and then we went ahead in 2015.

It's also coming very much from, as I said, this idea of the paperless office, and we have had requests to the office to go paperless and to accept electronic submissions. We don't currently accept electronic submissions, particularly on our website. We don't have fillable forms, for example, precisely because we want to keep the website and the server away from collecting any personal information or any confidential information. We did have an incident with the website; no personal information was involved, but we could do that because we've set it up that way.

We're not in a position to go forward with things like electronic submissions although we do receive some things on disc now, and that is a risk to our office. We have intrusion detection software. We have had occasions where something has come in that could potentially do some damage, and the systems that we have in place have shut that down, but I'm not comfortable with that risk at all.

I really think we need to be addressing that, and that will allow us to move forward, as I said, to address the issue that was raised through the security assessment that we did but also allow us to move forward to improve our processes and better serve the parties involved in complaints and inquiries and requests for review. Sorry; I'll stop talking about this. A request for review, for example, might involve 14,000 pages of records. You know, those come in on a stick. A lot of times the organization can't send them to us to review. Their e-mail system won't allow them to send it out, and our e-mail system won't allow us to get it in, so we have to find some way of getting those records in, not a stack of paper. We have to be able to do that kind of work, so this is laying the foundation, moving forward in that direction.

Mr. Ellis: Great. Thank you. Very reasonable. Thank you for the explanation.

The Chair: Mr. Shepherd.

Mr. Shepherd: Thank you. Well, thank you so much for your presentation. We certainly appreciate the work that your office does, especially in this era when we have such rapid evolution and adoption of new technology. It certainly complicates a lot of these questions, a lot of these issues, so we appreciate that. From what you were saying, you're very much on top of and moving ahead on that.

Just looking at one – you talked about this a little bit, I think, the increase of about \$72,000 in the budget line for investigations,

special projects, and other. I'm expecting that may be connected, then – within your business plan you were talking about a significant increase in the number of reports and that that you're receiving. If you could just give us a bit of insight as to the reasons for this expected increase in the investigations.

Ms Clayton: Under contract services, nonlegal? Yes. Some of that increase, as I said, is specifically, I think to your point, around offence investigations. Certainly, in our annual report for 2014-15 and the numbers going into this year, we're seeing a very significant increase in the breaches that are reported to us under the Personal Information Protection Act. There's mandatory breach reporting provisions in place now in the private sector, so we do receive many reports. We've seen a fairly significant increase in the number of those breaches reported to us.

We've also seen an increase in the number of voluntary breaches reported to us under the Health Information Act. I actually might have some stats from the last time I was in front of the committee here. In 2014-15 we had a 37 per cent increase in the total number of self-reported breaches, and we're seeing that go up. That trend is continuing into the current fiscal year. I expect that that will go up when the mandatory breach reporting provisions under the Health Information Act come into force. Those amendments were passed back in 2014 and are expected to come into force in the next fiscal year, 2016-17.

One of the things that we are noticing in particular with the breaches that come to us under the Health Information Act is that we're flagging a lot of them as potential offence investigations. We don't always have a lot of detail when they come in, but if it looks like there is unauthorized snooping in health information systems, then that gets flagged as a potential offence investigation. Just to provide some context, of course, we do all kinds of investigations of breaches in the collection, use, and disclosure of health information that are not compliant with the legislation. Most of those are not offence investigations. We might investigate, we might even find there's a contravention, but usually we just make – this is the vast majority of files in our office – recommendations about how to do things better.

If something potentially rises to the level of an offence investigation, then what we're talking about is wilful noncompliance with the legislation, and that's what we're seeing an increase in. LeRoy could maybe remind me of this. In fact, I think we've laid charges in three – or is it four? – offence matters this year. Previously there were three up until 2010, but this year alone we've laid charges in that many, and we've had successful prosecutions just this year alone. We have a number of other investigations under way in our office.

The way we typically handle this – as I said, it's a whole different kind of investigation. We bring in an investigator who's a retired police officer because the way we collect evidence, handle evidence, record all interviews – we have to collect evidence that will stand up in court. Basically, we do the investigation, collect the evidence, provide that to the Crown. The Crown decides if they will go forward and prosecute. That accounts for some of the increase in our contracted services because we're seeing those kinds of cases, and we're really the only ones who move forward with offence investigations. Alberta has actually had more successful offence prosecutions than any other jurisdiction in Canada. Anyway, that's part of it.

As I said, the other significant piece of it is some contract dollars to deal with some records management issues. Again, this ties to moving towards a paperless office, dealing with some possible low but still risk associated with not imaging certain records, our ability to sort through things, to find things, and to update our record

schedules and really helping us to come up with a plan for how we're going to move forward.

Mr. Shepherd: A supplemental to that, then: given that that's the case and that you've been seeing continuous increases, are you anticipating that there are going to be further cost pressures, then, or is this something that we're going to start to see coming down as you sort of continue with the education of some of these government departments?

11:25

Ms Clayton: It's hard to say at this point. In our business plan we do have a strategy identified to take a look at offences and the number of breaches that are coming in and to figure out how we can deal with that, how we can address it. Is the best strategy going forward to do offence investigations? Is there an education piece? We have had some conversations with Alberta Health about jointly working on some initiatives to raise awareness about breaches and to try to address this issue.

We have a number of very specific, detailed kinds of activities that are already under way. For example, I published an op-ed in various papers in Alberta for Data Privacy Day, specifically talking about data breaches. When we held our Data Privacy Day event, in January, the theme was breaches. We brought in some speakers, but we also hosted a workshop on breach response. We recently, just last fall, published a proactive investigation on the state of health breaches in Alberta and how ready custodians are for mandatory breach reporting. There are all of those sorts of things that we can continue to do, which I'm not anticipating will have any significant costs associated with them.

However, should the amendments, the HIA amendments that were passed in 2014, come into force this year, as has been reported, then that's definitely going to change what we do in the office. That will mean there will be a lot of new custodians that don't have breach-reporting responsibilities right now that will have breach-reporting responsibilities. We can assist in bringing them up to speed and helping them to understand how to respond to breaches and what to report to us.

The mandatory breach reporting requires certain incidents to be reported to my office. Unlike the private-sector legislation, I'm not required to make a decision about whether a custodian notifies or doesn't notify, but it's entirely possible – that there's going to be a significant increase in volume for the number of breaches reported to us would be my expectation. As an office, in the interests of transparency and accountability and so that there's some meaning to these amendments around shedding light on the state of security and breaches within the health sector, I think we need to be looking at how we can do more education, how we can make not so much the details of those breaches but the trends in breaches – how can we turn the information in a breach report into something that custodians can learn from to help them prevent breaches in the future?

Again, that's what we're working on right now, the plan for how we're going to deal with mandatory breach reporting when it comes into force: the education initiatives, training, what we're going to do with those reports, how we're going to make them available. Do we have a registry on our website of breach reports like we do with privacy impact assessment reviews? Right now in the private sector we publish decisions, and that's to make information available so that private-sector organizations experiencing breaches can learn from what others have done. There's a whole plan that we're developing that I expect will have resourcing implications.

As I said, it's not in force right now; we're working on what that plan will look like. Once those amendments are in force, then I

expect that I would like to meet with the committee again to talk about resourcing.

Mr. Shepherd: Excellent. Thank you.

The Chair: Mr. Cooper and then Mr. Nixon.

Mr. Cooper: Thank you, Chair. Just a couple of quick questions for you with respect to legal fees and anticipated costs and expenditures. Do you anticipate any additional resources – and I see a small decrease – as a result of potential legal action between your office and any government ministry or any government ministry and your office? I understand that there may be some ongoing discussions or concerns. Do you anticipate many of those being heard this year, and will that result in any increased costs?

Ms Clayton: I think that there will be some residual, but we have taken that into account in the budget. I expect that we will be over budget in that budget line item for 2015-16. That has to do with a matter that is going to the Supreme Court of Canada. It will be heard on April 1. It is not a matter that involves any provincial government bodies; it has to do with a matter involving the University of Calgary and my ability to compel the production of records that are subject to solicitor-client privilege.

That is a case that from start to finish has been around for a long time. It's worked its way through various levels of the court system. The Court of Queen's Bench found that I did have the ability to compel a production of those records. The Court of Appeal found that I did not have the ability to compel the production. I applied for leave to appeal to the Supreme Court of Canada. The Supreme Court of Canada has granted it.

They gave us a very short time frame. Normally we wait a lot longer for a hearing date, but they found some space in the spring schedule. I think we found out last Octoberish that they would hear it and then found that they would hear it in spring. So all of our work to prepare our submission to the Supreme Court has been done. We were required to file back in I think it was February. That's a good chunk of work to go in front of the Supreme Court. We took on a lot of that within the office, with our legal counsel within the office, but there are expenses associated with that, with external counsel. That's why our budget for that is going to be over budget this year, but that means that we don't have those expenses coming up in the next fiscal year. So that's reduced our estimate.

However, as I said, that matter does not involve any provincial government bodies. It involves the University of Calgary. We have a great number of files in the office that involve issues around solicitor-client privilege. We talked about this in the annual report for 2014-15, that we're seeing a lot of delays. It's getting very, very hard to obtain the records so we can conduct the reviews. I think the last time I was in front of this committee we had eight matters that were in court, and about half of those, if not slightly more, do involve provincial government departments that are refusing to provide us those records. They're relying on the Court of Appeal decision in the U of C matter that's going to the Supreme Court.

We also have investigations in the office, most notably an investigation that was initiated quite some time ago into how the government of Alberta responds to FOIP requests. Are there delays, and if there are delays, what are the reasons for those delays? We've had a very, very challenging time obtaining records to complete that investigation. Many of those matters will hinge on the Supreme Court hearing. I don't know when we'll get a decision. Possibly by next fall. Depending on how that goes, there are a number of different ways that might unfold, both for cases that are in the office and that are on hold. For future cases, yeah, we'll have to see what happens.

The budget request for 2016-17. A lot of those cases that I think you're referring to are on hold pending the outcome of the Supreme Court matter. There's nothing in the budget that really directly addresses that except for the budget for external adjudication. We have some money in there for – I mentioned earlier that there are actually three inquiries in the office that we engaged an external adjudicator to hear because of a conflict between me and my office and parties potentially involved in that. So we had an external adjudicator. That matter does involve my ability, the commissioner's ability, to compel the production of records subject to solicitor-client privilege because in that case the external adjudicator has ordered that the records be provided to her. The government, public bodies in those cases have not provided those records, so it's on hold. By the time the Supreme Court decision comes out, we'll know one way or the other whether or not the records will be provided. Either way, those inquiries still need to be concluded, and they need to be concluded by the external adjudicator.

That's a very long, complicated explanation, I think.

So we have some dollars for an external adjudicator to complete those inquiries whether or not the records will ultimately be provided.

Mr. Cooper: Right. So it's quite possible that all of that could go away if any of those public bodies provided the information that you're entitled to.

Ms Clayton: To some extent, yes.

11:35

Mr. Cooper: So if the government of the day was more co-operative with respect to interacting with your office, there could be some potentially large cost savings there.

Ms Clayton: There could be some potential cost savings. It's hard to estimate exactly what that is, but yes. Yes.

Mr. Cooper: Thank you.

The Chair: Mr. Nixon.

Mr. Nixon: Well, thanks, Chair. This touches on what my colleague Mr. Cooper asked Commissioner Clayton, but does your office have a backlog of investigations into FOIP?

Ms Clayton: A backlog of investigations?

Mr. Nixon: Specifically, the compliance with FOIP legislation. Are there a bunch of investigations that are backlogged?

Ms Clayton: It depends on what you call a backlog. Typically, what we have done in the office is that when a matter comes in, it gets assigned to an investigator to be dealt with, so we didn't sort of stack them up to create a backlog; caseloads just went higher and higher and higher. When we had some challenges a couple of years ago, in particular with just a real explosion in access-related matters, which are time sensitive, we had to prioritize those, so we put other kinds of cases coming in into abeyance so we could deal with the cases that had time issues associated with them. In putting those other ones into abeyance, we did create sort of a measurable backlog, and I had come in front of a previous committee to ask for some additional budget resources on a temporary basis to deal with that backlog, but that request was not granted.

What we did was internally work – I mean, we were already doing this, but even more so we focused on our processes and how we could adjust our processes to deal with what we were seeing in

terms of a shift in the types of files that came in. We introduced some triaging processes and some other processes about getting records up front, made quite a number of changes to deal with complaints and to deal with access requests in a more timely fashion, and we've been really successful. We've resolved about half of what goes through triage within, I think, about three weeks, which is great. I think we're essentially through the backlog of complaint files that we had put on hold.

We do have some other older files. Files age when you're focusing on the backlog, then other files get on there, so you can put your energy here, you can put your energy on the other side. So we have shifted. We're now wrapping up the oldest files. We've got to push on to clear out the older files. At the end of the day we have the number of people that we have, and we have very little control over what comes into the office, so we try to assess what comes into the office. We try to figure out, you know, how best to deploy our resources without letting things get too old, so the focus on what's new and what's older and to try to improve our processes to be more efficient.

Mr. Nixon: Speaking of resources, then, do you have enough resources to make sure that we don't have a backlog on investigations into FOIP in the future, or do you need more resources to make sure that our FOIP system is being used appropriately?

Ms Clayton: I would very, very much like to be able to fill the two vacant positions that we have, but I recognize that there are economic realities that affect budgets. We are straining, absolutely. There is a lot of anxiety and stress trying to make do with the resources that we have. We've made some improvements to our processes that I think will make things better and already seem to be making things better. However, as I said, with added responsibilities, mandatory breach reporting under the Health Information Act, I do not think we have the resources to handle that, and that's why I'm willing at this point to maintain the staffing levels that we have. That's why we've come forward with the budget request that we've come forward with, but that's also why I'm sort of giving a heads-up that when those changes come through to the Health Information Act and mandatory breach reporting, I do expect that we are going to have to be in front of you again.

Mr. Nixon: Thank you, Commissioner Clayton.

The Chair: Ms Sweet.

Ms Sweet: Thank you, Chair. Just looking at your past budget, the forecast that you had for last year's advertising you actually exceeded. I'm just wondering if you can speak a little bit about what that advertising looked like, and do you see that as being a potential issue for your upcoming budget?

Ms Clayton: I think, generally, advertising stays about the same. It did increase, as I mentioned. This is going back a few years, but we did an entire office restructure, and then we did a review of all the positions in the office to update the position descriptions and to review everyone's classification to make sure that we had all of that properly documented and that we had everybody in the appropriate classification. In the course of that, because we had started the restructuring and we had a number of vacancies but we hadn't completed the classification process, we weren't in a position to hire into those vacant positions. We accumulated a number of vacant positions while we were going through this classification review. Ultimately when the review was completed and we knew the appropriate classification for certain positions, we had a – I

think we recruited for five people at once sort of idea and for adjudicators, and we hired a number of senior information and privacy managers all at the same time.

The advertising budget is strictly for recruitment. If a position goes vacant, if somebody goes on maternity leave, for example, and we have to cover that off, then there's a cost involved in recruiting. If it's multiple positions, we might put out one ad for all of the positions if we're doing them all at the same time, but every time we recruit for a position, it's somewhere in that \$3,000 range to put an ad in a paper. We've actually changed some of our recruiting strategies over the last couple of years, finding that posting in some of the places we've posted in previous years maybe were not as effective at reaching the people that are good fits for our positions. So we have found some other, you know, places to post to recruit. We use networks of information access and privacy professionals, for example, some of the industry newsletters and websites and things like that, which are quite a bit less expensive.

Any blip where you saw a higher advertising budget is strictly related to recruiting for vacant positions. We do have two vacant positions now, but we're not proposing to recruit for those. Should somebody go on leave and we need to find somebody to replace them, then we've got some dollars there to be able to do that.

Ms Sweet: Thank you.

The Chair: Mr. Cooper.

Mr. Cooper: Thank you, Chair. Just wondering. Investigations, special projects, other: is that the line item that would pay for investigations like the political interference investigation, and do you anticipate that investigation being completed in this fiscal year?

Ms Clayton: Most of our staff on that particular investigation are permanent investigators in the office, so the costs are actually their salaries. They work on that investigation as well as other things. We have engaged legal counsel on that, external legal counsel, so there are some costs associated with that, and that comes out of contracts, legal, out of that budget.

Mr. Cooper: What sort of things would be included in investigations and special projects?

Ms Clayton: As I mentioned, that's offence investigations. When we hire somebody on contract to assist with offences, that's the external adjudicator adjudicating on those other matters.

Mr. Cooper: Okay. Got you. Sorry.

Ms Clayton: Yeah. That includes, as I said, some dollars for this records management consultant.

Mr. Cooper: Okay. Oh, sorry. That's my follow-up. Can I go one more?

The Chair: Go ahead. Yes.

Mr. Cooper: Should the government of Alberta choose to update the FOIP Act –and I don't know that they are; perhaps you do – would there be significant costs to your office in terms of just on the legislative side, not what that might mean after the act was passed but on the front end of it?

11:45

Ms Clayton: Well, I will say that there was a government review of the FOIP Act initiated back in – actually, the consultation was back in 2013, I believe. My office did make two submissions, actually – they're on the website – making suggestions for how the

legislation could be made stronger. There are resources that go into preparing a submission like that. It takes a lot of internal staff time. In some cases we have contracted with external parties to do some research for us or to assist with the submission. We've done that with other reviews. So there's that cost in preparing a submission.

However, what I guess I would say is that we did make a submission to the FOIP review in 2013. I don't know where that review is at or if that's still under way. Nothing came of that, if you will. There were no amendments proposed to the FOIP Act. Should there be a review that results in amendments, there could very possibly be budget implications for my office. If, for example, the act were amended to require privacy impact assessments in certain situations, which is a recommendation that I made, then that would have a corresponding impact on my office if those privacy impact assessments were to be submitted to my office for review.

That's currently a requirement under the Health Information Act. It's the only legislation in the country, I believe, with a mandatory privacy impact assessment requirement. We receive hundreds of privacy impact assessments a year under the Health Information Act, and it takes up a significant amount of staff time to review them, to comment back to custodians, to make suggestions, and to maintain the registry on our website. So if something like that were an amendment to the FOIP Act as a result of a review, that would have budget implications.

For right now, should a FOIP review be kicked off, should the previous one be revived, we would probably go back and take a look at the submission that we made in 2013, see if it was still up to date, possibly update it: add a few things, maybe take something out, refine minor changes. I'm actually quite comfortable standing behind the recommendations that we made in the 2013 submission.

The Chair: Thank you for your presentation, Ms Clayton and Mr. Brower, and for responding to the committee's questions. Just for your information, the committee's decisions on the officers' budgets will be sent out by the end of the week.

Ms Clayton: Thank you very much.

The Chair: We're going to be breaking for lunch, and we'll be back on the record at 1 o'clock.

[The committee adjourned from 11:48 a.m. to 1:01 p.m.]

The Chair: Welcome back. I'd like to welcome Madam Trussler, Ethics Commissioner, and her staff to the meeting.

We'll go around the table and introduce ourselves for the record. I'm Estefania Cortes-Vargas. I'm the MLA for Strathcona-Sherwood Park, and I'm the chair of Legislative Offices.

Ms Sweet: Good afternoon. Heather Sweet, MLA for Edmonton-Manning, deputy chair.

Mr. Cooper: Nathan Cooper, the MLA for the outstanding constituency of Olds-Didsbury-Three Hills.

Mr. van Dijken: Glenn van Dijken, MLA for Barrhead-Morinville-Westlock.

Mr. Ellis: Mike Ellis, MLA, Calgary-West.

Ms Robins: Lana Robins, lobbyist registrar and general counsel, office of the Ethics Commissioner.

Ms Trussler: Marguerite Trussler, Ethics Commissioner.

Mr. Ziegler: Kent Ziegler, chief administrative officer.

Ms Woollard: Denise Woollard, MLA, Edmonton-Mill Creek.

Mr. Kleinsteuber: Jamie Kleinsteuber, MLA for Calgary-Northern Hills.

Mr. Horne: Trevor Horne, MLA for Spruce Grove-St. Albert.

Mr. Shepherd: David Shepherd, MLA, Edmonton-Centre.

Mr. Connolly: Michael Connolly, MLA for Calgary-Hawkwood.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Thank you.

Madam Trussler, if you could keep your presentation to 20 to 25 minutes, that will leave enough time for questions from the committee. Please go ahead.

Office of the Ethics Commissioner

Ms Trussler: Thank you to you and to the members of the committee. We're pleased to be here to present our budget request for 2016-2017.

Last year was a very busy year for us. Many of our accomplishments were set out in our annual report. In particular, in December of 2014 the Alberta Accountability Act was passed, which amended the Conflicts of Interest Act and has had a substantial impact on our operations. Prior to the amendments our office conducted financial conflict screenings for 120 MLAs and senior government officials. With the amendments, political staff have been added, resulting in just under 200 individuals who are subject to our jurisdiction.

Along with the additional workload created by the addition of the political staff, there is also an increase in conflict-of-interest advice and postemployment questions. Last year our requests for advice increased 32 per cent over the previous year, and we are currently on pace this year to double last year's volume. In total, we've seen about a 35 per cent increase in our workload.

With respect to investigations, last year we had a number of requests pertaining to the actions of then Premier Prentice, ministers Mandel and Dirks, and MLA candidate Mike Ellis during the by-election period, when they ran for public office. As discussed in our annual report and in the reports posted on our website, I concluded that based on the wording of the Conflicts of Interest Act, none of their actions breached the legislation.

Before I walk you through the detailed budget explanation, I'd like to mention that to assist the Select Special Ethics and Accountability Committee's work in reviewing the Conflicts of Interest Act, our office prepared a report for the committee. As I stated, the act was amended in December 2014, so over the following nine months we had an opportunity to work with the amended act. Based on our experiences, we prepared a 52-page report containing approximately 30 recommendations for improvements to the act, and we submitted it to the committee. As the select special committee is still deliberating, I will not comment on our recommendations other than to say that we feel there needs to be some amendments to the Conflicts of Interest Act to increase its effectiveness. It is a necessary, positive piece of accountability legislation because it enhances public confidence and trust in government.

Let's talk about our budget. I'm very pleased to report that thanks to Mr. Ziegler's very sharp pencil and the frugal fiscal attitudes of everyone in our office we came under budget by \$85,000, which is about 8 per cent, last year, and considering the 35 per cent increase in workload, I am very proud of our accomplishments in that regard.

I'm just now going to walk you through some of our expenditures for last year.

In terms of the budget it's important to note that the office has not seen an increase in its staffing complement in the last five years. In fact, in the midst of the increased workload we have moved our full-time equivalency staffing from a 3.7 FTE to a 3.4 FTE. We have two full-time staff and two of us that are in .7 positions.

Our budget has always been quite modest, and I would venture to guess that it's probably one of the smallest in government.

Last year we were slightly over budget in salaries and wages. This was due to the residual effects of the release of our then lobbyist registrar and general counsel, which resulted in payouts of accumulated vacation and other payables owing, including a severance payment, captured under other costs in our statements. Offsetting that, however, was a corollary decrease in employer contributions as we were down to 2.7 FTEs for two and a half months while Mr. Ziegler was serving both as the lobbyist registrar and the CAO. We also saw some additional savings under employee allowances and benefits as a result of the temporary staffing shortage.

In line with comments directed at all legislative offices last year by this committee to cut travel costs, we only expended 37 per cent of our allocated travel budget.

We also found savings in our advertising, insurance, freight and postage, and repairs and maintenance of approximately \$8,000. Our rentals budget is for our photocopier. We've now replaced our outdated copier with a newer one, and what we have found is that the newer one is costing us less money, so we expect that over the next couple of years we will be seeing more savings there.

As you can see, our biggest budget-saving area was in contract services, where we saved just over \$100,000 from our allocated budget. Last year we engaged next to no consultants and did all the work in-house by putting in the extra hours ourselves. In particular, it was not necessary to engage the services of outside legal counsel. This was a result, I think, of my being the first commissioner to have a legal background and also of Ms Robins' abilities.

Supplies and services was another area where we managed to find savings and spent approximately \$35,000 less than we were allocated.

Our IT costs were up, at \$104,000, slightly over the budget of \$99,000, and this was due primarily to some final costs associated with our shared infrastructure build with the Child and Youth Advocate's and Ombudsman's offices. We expect that this year we'll see the fruits of those efforts more clearly in terms of IT savings.

Now, however, as you will no doubt have noted, our budget and forecast for technology services in 2016-17 are markedly higher than in the past. As you are aware, this committee approved our request to purchase a new lobbyist registry last fall. As we had mentioned in our initial request, we had hoped to partner with Saskatchewan to share costs and realize savings. However, it turns out that getting into a partnership could have placed us in a potential situation where we may have been in breach of the northwest partnership agreement with respect to the procurement process.

Out of an abundance of caution we issued our own RFP on December 15 for a new lobbyist registry. We've now selected a vendor, and we hope to begin work on the system build by March, with a completion date in October. In order to ensure that we build the best system we can reasonably afford, we sent an e-mail survey to every lobbyist registered in our system, and we have so far received 35 responses, which have contained some very valuable input from that group with respect to building the new system and how it should be structured.

1:10

At present, because we are starting the project so late in the fiscal year, the \$200,000 allocated by the committee in October for the registry will not be used before year's end. We are expecting to be able to fund any initial costs out of our current budget – that's not including the \$200,000 – and we have now asked for the \$200,000 in our budget for next year to be approved for next year. As a result, I fully expect us to come in under budget for this fiscal year by at least \$200,000, but it'll probably be more.

As you will see, our estimate for IT in 2016-17 is \$300,000, and this basically includes our usual \$100,000 for general IT costs plus the \$200,000 for the registry. But I'm very happy to report that we've been able to obtain a new system, which we believe will be flexible and we'll be able to use in the future even if there are amendments to the act next year, within our proposed budget of \$200,000.

Now, the increased forecast for technology services for 2017-18, which is \$170,000, is just a best guess at this point in terms of our increased annual maintenance costs for the new system. We think that guess is probably a little bit high. Our current vendor provides us with a very low annual maintenance cost because the contract is five years old and we've had minimal service. With the implementation of the new registry we expect our future annual maintenance costs for a new and improved system to be higher. At the moment we're thinking it might be \$25,000 to \$30,000 higher, but we're not sure at this point. In the first year there are always things that have to be ironed out. However, come our next budget presentation, next fall, we'll have a much better understanding of what the cost will be in that regard.

There are seven areas where we anticipate appreciable changes to our proposed budget next year. First, we expect our employee allowances and benefits to decrease by 11 per cent because we're being much more selective in approving staff training and conference expenditures. Second, we expect to see a further 13 per cent in travel this year over last because this year we're hosting the Canadian ethics commissioners' conference and will not have to travel anywhere for the conference. On that note, however, as it's Alberta's turn as a province to host this conference, we've allocated \$4,500 under hosting for costs associated with this event. In addition, it is the 25th anniversary of the enactment of the Conflicts of Interest Act, and we plan to have a small celebratory reception in conjunction with the conference.

You will also see a \$500 increase in our postage cost, and this cost is for registered mail for penalty notices to lobbyists under the Lobbyists Act so we can prove that they received them. This is part of a more vigorous effort by our office to enforce the requirements of the act.

We've also decreased our insurance coverage costs due to an asset valuation exercise we conducted, and this has resulted in us needing less coverage than budgeted for in previous years.

There is a decrease in rental costs as well. As I mentioned, we're hoping that there will be substantial savings from our new photocopier, with a reduced per-page copy and reduced maintenance charges.

The Accountability Act also amended the Lobbyists Act and included one key change, which did generate some concern and discussion in the industry. The change was that lobbyists would no longer be allowed to provide paid advice to the government and lobby government at the same time. They'd have to choose to do one or the other but could no longer do both. This was a positive change, in my view, but more needs to be done. For example, it would be beneficial to further limit the ability of lobbyists to give gifts to government officials and members and to require them to

log their meetings with all public officials in an accessible public database so everyone can see who is lobbying whom, over what, and when. However, these changes will require legislative amendments. According to the act the formal review of the Lobbyists Act must begin in the fall of this year, and we'll be conducting an e-mail survey of our stakeholders to solicit their thoughts on potential needed changes.

From a lobbyist's perspective it was an average year in terms of volume, with the exception of a three-month spike from January to March following the change to the act. During this period Mr. Ziegler was the lobbyist registrar, and the number of registration changes and inquiries increased dramatically as lobbyists scrambled to comply with the amended act.

Since coming aboard in April 2015, Ms Robins has embraced her new role and has continued to undertake an updating of the lobbyist registry and the information in it.

We've also undertaken to be more vigilant in terms of reviewing registrations being submitted. We have been asking for more detailed information on their forms with respect to the issues they're lobbying on and their areas of concern. While we've had some push-back from lobbyists, most have been quite willing to comply with our request.

As part of our increased efforts to improve insight of lobbyists, we've also been more focused on compliance. The Lobbyists Act requires organization lobbyists to submit reviews every six months, and we have found that some lobbyists are negligent in completing their submissions in the required time. To help encourage them, we've begun an active program of sending letters to delinquent filers. They're being advised that they have to submit promptly or terminate their registration, or we will remove their registration. E-mail reminders are also sent to advise lobbyists that failure to file within the required time may result in a fine being issued. This type of aggressive enforcement was not previously practised except in the most serious of situations. To date these communications have met with the expected success, and we have not had to issue any fines.

Before I conclude, I'd like to specifically mention the superb work done by Kent Ziegler this past year. Not only has he brought the office in under budget; he also did the work of two positions over a period of two and a half months. In addition, we have made many changes over the year to improve how we carry out our work, and Kent was integral to their implementation. I'd also like to take a moment to thank Lana Robins for all her work this year as our general counsel and for all her diligent efforts with the lobbyist community and registry. As well, I'd like to thank Heidi Horne, our executive assistant, for all her exceptional services this year in juggling the ever-changing and increasing demands of her role. While we're a very small office – there are just four of us – I feel lucky to have such a competent team at my disposal.

Thank you for allowing me the opportunity to highlight and present the budget for 2015 and '16 and our proposed business plan for the office of the Ethics Commissioner and the lobbyist registrar of Alberta. We would now be pleased to answer any questions that you might have.

The Chair: Thank you very much for your presentation.

I will open up the floor to questions. Mr. Ellis.

Mr. Ellis: Thank you. Ma'am, thank you so much for all the hard work that you do as well as your staff. It certainly is a large task that you have. Just a question I have in regard to potential changes to the act: do you anticipate any further increases in cost or even workload if successful with those changes to the act?

Ms Trussler: Are you talking about the Conflicts of Interest Act or the Lobbyists Act?

Mr. Ellis: Yeah. I guess, maybe even both, quite frankly. I mean, hypothetically, of course: we're successful; you get that passed. Will you anticipate any further costs?

Ms Trussler: I guess it really depends on what they do with the Conflicts of Interest Act. The recommendations we've made: some of them will increase the workload, but some of them will actually decrease the workload. I don't know how far afield the committee is going in terms of taking recommendations, so I can't really second-guess them at this point.

Mr. Ellis: No. Thank you very much.

Ms Trussler: With the lobbyist registry there probably will be more workload, but I think we're happy that it can be managed.

Mr. Ellis: Okay. Thank you.

Mr. Ziegler: I think that's part of taking the new system as well, to help us with that workload that might come down the pipe. A new system should help that workload a bit as well.

Mr. Ellis: Thank you.

Oh, sorry. One supplemental question just in regard to IT, I guess. Forgive my ignorance on this. Are there IT projects that you foresee that can help make things more efficient or easier to manage? Maybe a submission?

1:20

Ms Trussler: Well, certainly, if we can get the lobbyist registry updated, that will make things much easier. Ms Robins spends a considerable amount of her time fixing glitches in the system right now. So I think that'll make things easier and won't create more IT work.

In terms of people submitting their financial information, we're looking at our new system for the lobbyist registry, and there may be some things there that we can do to make the submission of financial information under the Conflicts of Interest Act somewhat easier. When we first put it online, we didn't have any funds to do it, but we're thinking that when we get the new Lobbyists Act, with that particular type of system we might be able to make things easier.

Mr. Ellis: Thank you for your time.

The Chair: Thank you.

Mr. Horne: The work the office does is certainly vital to ensuring that public officials are kept accountable to the public. I'm pleased to note that there have been significant savings found in most areas. The office of the Ethics Commissioner has flagged concerns about the functionality of the lobbyist registry several times in the past, and it's my understanding that the proposal to split the costs with Saskatchewan proved inadvisable; however, the budget still is \$300,000 for IT. You were commenting earlier that the \$200,000 granted previously: you're carrying that over to this budget?

Ms Trussler: Yes.

Mr. Horne: And any additional costs could be covered out of your budget. So I was hoping we could get some insight into what the total projected cost of a new system is.

Ms Trussler: We think around \$200,000, but then there will be some – whenever you do an IT system, you don't turn it on and it works perfectly, I've discovered to my horror, so, you know, there'll be a few enhancements, a few things we may have to do during the next year. We think we can cover that within our budget, but the actual new system will be exactly what was allocated for us.

Mr. Ziegler: I think what you may also be seeing are some of the maintenance costs in that as well. As we build the system out and the first year gets up and running, then the maintenance costs kick in. The build costs are down, then the maintenance costs come in, that kind of thing, and then it balances that way. Does that help?

Ms Trussler: We'll also have to probably have an overlap between the old system and the new system of about a month, so we've built that into the budget as well.

The Chair: Mr. Cooper.

Mr. Cooper: Mr. Horne asked the question that I was going to ask with respect to the partnership and additional dollars that may be required. So thank you for that, sir.

Thank you.

The Chair: We were all wondering. Thank you for having such a clear presentation.

Are there any other questions on the floor? Mr. Horne.

Mr. Horne: Yeah. In 2017-18 and 2018-19 salaries and wages are expected to rise, but they've been kept constant for this year. Can you give us a bit more context for that increase?

Mr. Ziegler: I think when you're looking at the targets further out, where just building that was a pure forecast on – usually there's a COLA increase or an annual increment increase, so that's why you see them increasing there. I think this year what we did was to keep it the same: \$562,000 was what we had budgeted for this year; \$562,000 for next year, holding the line. Then we're assuming hopefully that the economy will improve, I think, in '17-18, and then maybe there'll be a relaxing of that. That's the slight increase that you see.

The Chair: Are there any other questions?

If not, thank you to the Ethics Commissioner and her staff for their presentation and responding to the committee's questions. For your information the committee's decisions on the offices' budgets will be sent out by the end of this week.

Mr. Ziegler: Thank you.

The Chair: We're going to adjourn until 2 o'clock.

[The committee adjourned from 1:26 p.m. to 1:57 p.m.]

The Chair: All right. Our last budget presentation today is from the office of the Auditor General. I'd like to welcome Mr. Saher and his staff to the meeting. Mr. Saher, if you could keep the presentation to 25 to 30 minutes, we'll have enough time for questions for the committee. Please go ahead.

Office of the Auditor General

Mr. Saher: Okay. Thank you, Chair. I'm going to ask my colleague Ruth McHugh, who is the office's chief operating officer, to make our presentation to you. It's in three parts. You've been handed it in paper, and we'll also project it on the screens. So I'm just going to hand it directly over to Ruth.

Ms McHugh: Thanks very much, Merwan, and good afternoon, everyone. Thank you for this opportunity to present our results analysis for the year ended March 31, 2015, and our business plan and budget for the upcoming year. You've all received these documents in advance, as Mr. Saher mentioned, but we did bring some extra copies, if anybody needs them, as well as a visual aid to help guide our discussion, which we've now got projected, so that's great.

Our presentation agenda has three parts. We will start with where we've been, which is our March 31, 2015, results analysis. This was published in the October 2015 report of the Auditor General. We're then going to move to where we are and where we're going. Building on our successful results, we've incorporated what we've learned into our new business plan and budget.

We're going to begin now with where we've been. Our results analysis report summarizes our achievements and identifies things we've learned and plan to apply to improve our organization and our work. We operate our business using a results management framework that integrates three central processes: governance, oversight, and accountability for results. Our strategic and operational planning, quality control, audit delivery, learning, and people development all operate within this results management framework. The framework is pictured on page 2 of the guide and projected up here on the screen. Let's quickly walk through it so you can get an idea of what I mean.

It all starts with governance. Our governance structure and processes bring together capable people and relevant information to achieve cost-effective results. It's held together with oversight. By applying good oversight, we know if we're managing our resources cost-effectively in producing our audit results. Our management leaders meet their oversight objectives in three ways: by being vigilant and providing watchful care for the use of financial and human resources; by checking that our processes and systems are working well, including our system to ensure accountability for how effectively we use our resources; and by modelling and signalling preferred behaviours through mentorship and by example.

To ensure Albertans receive value for money from our office, we follow a clear process of accountability for results. Operating in a context of fair and agreed on expectations, the process involves five steps. Meeting with you today is actually step 5 in our process. First, we set and communicate measurable results and responsibilities. Then we plan what needs to be done to achieve those results. Next, we do the work, and we monitor our progress. We then identify and evaluate our results, and we provide feedback for continued improvement. Finally, we publicly report on the results of our work, which is what we're doing right now.

This framework was first introduced in our July 2014 public report of the Auditor General, where we encouraged its use throughout the government, and we stressed that the quality of the systems the government uses to manage its work is proportional to the quality of the oversight it provides. In other words, good oversight will invariably produce better systems to achieve results.

As you know, the office of the Auditor General serves the Legislative Assembly and the people of Alberta. Our mandate is to examine and report publicly on government's management of and accountability practices for the resources entrusted to it. For the year ended March 31, 2015, the Legislative Assembly through the standing committee approved \$27.3 million for us to fulfill our mandate under the Auditor General Act.

As expected in a people organization such as ours, salaries, wages, employer contributions, training, and professional service contracts for agents and temporary staff represent the vast majority of our expenses. The majority of our resource pool is internal staff

supplemented by agents and temporary staff hired from large and small accounting firms from across Alberta. For example, we contract with accounting firms in Canmore, Drumheller, Fort McMurray, Lethbridge, Medicine Hat, and, of course, Edmonton and Calgary. We use agents and temporary staff to meet peak work demands, to provide specialized skills, and to save on travel costs. A picture of our profile is projected up there for you on the screen.

The table on page 4 provides an overview of our actual expenses compared to budget. As you can see, we didn't need our full budget allotment in the period, so we didn't spend it. There's a detailed analysis in the financial discussion and analysis section of our results analysis report, but I'll just quickly walk you through some of the larger items.

Reduced staff turnover created a savings in temporary staff services. Fewer staff vacancies resulted in a strong complement of internal senior staff auditors during our peak audit season, thereby requiring only junior level temporary staff, which then resulted in a reduced cost. Salaries and wages were lower than budget mainly due to delays in recruiting two senior audit positions during the period. Just by the way, we have now filled those positions successfully. Employee benefits were lower than budget as premiums were avoided, of course, while we sought to fill those vacancies.

Again, knowing that you've had the information for prior review, I won't walk through it in detail, but we're sure happy to answer any specific questions. We can do that either now or during the question period at the end of our presentation. Okay. I'll keep going.

Now that we've talked about our financial information, let's talk about our nonfinancial results. In measuring our performance we focus on what we call the three Rs: relevant, reliable, and reasonable cost audits. All of the performance measures in the chart that you can see there on page 5 were, again, discussed in detail in the results analysis report, but I'm happy to answer any questions or provide you with additional information on that. Again, we'll just keep going, and we can take questions at the end if that's preferred.

Our comprehensive risk-based audits provide independent assessments to help the Legislative Assembly hold government accountable. Appendix A in our results analysis report lists all of the financial statements audit reports that we issued in 2015. That list gives you a sense of the breadth of work that we do to give Albertans the comfort and assurance they need on the government's \$50 billion of spending and the comparable amount of annual revenue.

2:05

As you can see on page 6 of this guide, each year we also conduct and report publicly on systems audits to answer the question: does the organization have the systems, processes, and controls to accomplish its goals and mitigate its risks economically and efficiently? We make recommendations to management if we find that an organization could improve its systems in areas such as governance and accountability, internal controls over financial management, information technology, and performance reporting. We concentrate on areas that will result in the improvement of three key aspects: oversight and ethical behaviour, as these underpin the success of any organization; safety and welfare of all Albertans, especially the most vulnerable in our society; and security and use of the province's resources, as they belong to all Albertans and must be protected.

Pages 7 and 8 of this visual guide list 22 systems audits that we reported in fiscal 2015. Since we were just talking about our performance measures, I wish we could somehow capture all the cost savings and service improvements that our implemented recommendations bring to Albertans. That would be a great

performance measure, but we're not able to do that, so that's why you saw the ones you did. Again, happy to talk with you about any of the specific audit work that we conducted now or during the question period.

In considering our results, we identified the key learnings outlined on page 9 of your guide. Lessons from each of these have been incorporated into our operations. Staff skills and development: right people, right roles, right work. Evidence shows that we must continue to monitor and analyze what constitutes the optimal mix of staff at various levels on each audit. The right complement of staff skills and ongoing people development is critical for high-quality and cost-effective auditing. Maintaining a workplace that recruits, grows, and retains skilled legislative auditors is vital to our success. We've learned that our refreshed performance management system, our updated and aligned compensation strategy, plus our training and career adviser programs have created a work environment that facilitates improved results.

Business complexities: diversify the office leadership team. Public-sector auditing and financial reporting requirements continue to grow in number and complexity. For legislative auditors there are also unique complexities associated with each systems audit. Ongoing business and management issues must also be handled well to ensure operations run smoothly.

As a result, we determined to strengthen our office leadership team with two new business leaders, one focused on the business of financial statements auditing and one focused on the business of systems auditing. The office leadership team brings together capable people to lead relevant auditing reliably and at a reasonable cost. Every role on the team is different; hence its strength. The leadership team's four areas of focus are strategy, people, results, and learning.

Another lesson learned with financial statements audits was a better target means improved results. Learning from past results, we implemented a new audit project management process to help our audit teams monitor and manage costs, staffing, and project milestones more proactively. This has allowed our engagement leaders to better track reasons for variances and effectively apply lessons learned to future audits. We also developed new computerized audit testing tools to reduce manual testing, and we implemented methodology changes directed at more efficient audit file documentation.

Portfolio management is another key lesson learned: use of agents. Our results reinforced that if we strategically use agent services and expertise, we can continue to identify opportunities to redeploy some of our legislative audit specialists to bolster our systems audit capacity.

Portfolio management also has a component that we call audit requirements and priorities. To be sure Albertans obtain maximum value from each financial statement audit, we continue to evaluate whether an audit is necessary and whether it should be conducted by the office of the Auditor General. Every audit we do should add value. Any staff time freed up would be redeployed to complete systems audits.

Valued feedback from peers. We commissioned an independent peer review to provide conclusions on whether we do relevant, reliable work at a reasonable cost. The full peer review report can be found on our public website if you're interested in more detail. It's also cross-referenced with a link in our results analysis report. The peer review report was positive, and we learned about ways we can improve our audit and operational processes. We will focus on sustaining what we have achieved, identifying opportunities for improvement, and confirming internally that our systems continue to operate as intended.

Monitor systems audit implementation. We've learned that by staying engaged with our auditees, we can focus on the implementation of recommendations more than three years old and schedule timely follow-up audits.

Accounting standards compliance and auditee readiness. These impact our ability to do audits within budget. We view the government controller's success in articulating and enforcing corporate accounting policies as important because it impacts financial statements consistency, the efficiency of financial statements preparation, and the audit.

Systems audit coverage was another area we focused on. As part of our systems audit planning we'll explore how smaller systems audit engagements in addition to our larger systems audits might increase flexibility in deploying our resources, help develop our systems audit skills, and increase the breadth of the audit portfolio. We've incorporated all of this learning into our new business plan.

In summary, with the \$27 million allocated to the office of the Auditor General we did three important things. We met our mandate as the auditor of 143 government entities, we issued relevant and useful recommendations to improve the public service and promote efficient and cost-effective use of Albertans' resources, and we preserved Albertans' investment by sustaining an engaged team of excellent legislative auditors. We believe our systems audit work helps Albertans to know whether government is using their resources wisely. We are proud of achieving our goal of doing more systems audit work while holding down costs.

Our successful past results and rich learning are reflected in our strategy and business plan for the year ending March 31, 2017, and we're going to talk about that now. Page 11 of your guide, or up here on the screen, shows a picture of how we've developed and plan to execute our strategy. At the office of the Auditor General the purpose that inspires us is knowing that our work is making a difference in the lives of Albertans. We identify opportunities to improve the performance of and confidence in the public service by delivering the right mix of relevant and reliable audits at a reasonable cost. We believe a mix of 30 per cent of our resources devoted to systems auditing and 70 per cent to financial statements auditing is best for Albertans.

To arrive at this mix, we considered our paramount role as the auditor of all government ministries, departments, funds, and provincial agencies. Providing audit opinions on the financial statements of these entities is fundamental and, accordingly, calls for the majority of our resources. Capacity analysis indicates the mix of 30 per cent systems auditing and 70 per cent financial statements auditing will provide a manageable number of valuable recommendations. In addition to considering our office's capacity for systems auditing, we considered the government's capacity to implement our recommendations as well.

Albertans see true value from our work when our recommendations are successfully implemented. In other words, successful implementation is the return on investment of audit dollars spent to produce a recommendation. Thus, we need to balance the work we do to produce new recommendations with follow-up work to confirm implementation of past recommendations.

We approach follow-up audits with the rigour Albertans expect from this office, and we will repeat our recommendations when government managers have not satisfactorily implemented them. The results of our follow-up audits are included in our Auditor General reports to complete our reporting to Albertans.

Our business plan was built to ensure our audits are relevant, reliable, and conducted at a reasonable cost. Our goal is to maximize relevance and reliability within the constraint of reasonable cost. This goal is represented by the congruity of the three Rs that are depicted on the diagram on page 12 of your guide.

Optimizing the congruence – in other words, the degree and balance – among these three sometimes competing objectives helps manage our risks and focus our planning, operational, and evaluation decisions.

Page 13 of your guide lays out the high-level actions we've incorporated into our 2017 business plan. They are: to preserve Albertans' investment in their team of expert legislative auditors, to augment our leadership to deal with business complexities, to enhance our audit processes, to identify and focus on key financial statements audits, and to engage our stakeholders in implementing our systems audit strategic direction.

As you can see on page 14 of your guide, we plan to conduct 35 systems audits in 2016 and '17. There's a table on page 13 of the business plan which lists in detail all of these planned systems audits. Again, if you'd like to discuss our upcoming work, we're sure happy to do that. Perhaps we'll just wait and do that later in our presentation, during Q and A if you'd like.

2:15

To succeed, we must be and be seen to be independent and accountable for results. Our independence from those we audit ensures that our work is objective. The independence requirement is symbolized through the appointment of the Auditor General by the Legislative Assembly and our liaison with the Assembly through the all-party Standing Committee on Legislative Offices.

If you'll indulge me, I would like to pause here for just for a moment on a personal note and thank you for your motion to extend the Auditor General's term in office. In my view, all Albertans will benefit from Mr. Saher's continued influence but none more so than those of us who are privileged to work with him every day and learn from his inspirational leadership. So thank you, and thank you for indulging me in that. I'll go back to my formal presentation now.

A primary element of the independent relationship that I just talked about is the Assembly's prerogative to authorize financing of the office's operations and, through this Standing Committee on Legislative Offices, to ensure that the office has the appropriate resources to execute its mandate. Our mandate as the auditor of every ministry, department, regulated fund, and provincial agency drives our budget requirement.

Last year our budget was reduced by \$546,000. A high-level overview of how we adjusted operations to accommodate the cut is found in schedule 2 of the business plan. Conscious of continuing fiscal constraints, our 2017 business plan is built to move forward in fulfilling our mandate and executing our strategy with no increase in cost. We've carefully considered how we'll manage to do the work we know is vitally important to Albertans.

The vast majority of our expenses are people costs. Experience shows that the best business model is to bring in apprentice accountants to perform a basic body of work required on each audit file. As a result, like most professional accounting firms, we are a CPA training and articling office. When I say "apprentice accountants," those are accountants performing their articles toward their professional designation. As our students move through their articles, they are assigned increasingly complex work and they're promoted through staff auditor levels. Although there's a general salary freeze across government, which, of course, we'll honour, if a person is promoted to a new classification, they are entitled to a commensurate adjustment in level of pay. Our analysis shows that we will need approximately \$240,000 more in salary funding next year to meet those contractual obligations to our articling students. We haven't asked for a budget increase to accommodate this; instead we'll carefully manage our operations to facilitate this requirement.

Let me give you an illustration of why we need to manage this very carefully. In our February 2016 public report we showed recommendations on cash management within the government of Alberta. Our report sets out opportunities to improve the economy and efficiency of cash management, with a firm payback of reduced debt, interest, and administrative costs.

Another example was highlighted in our October 2015 report, where our examination of the Auditor's report for Alberta school boards identified a combined accumulated surplus in operating reserves of \$502 million. If these reserves were used to fund improvements in school jurisdictions rather than the government providing additional funds, it would generate future net cost savings for the government. If our work on the systems audit of the Northland school division, reported in March 2015, results in increased student attendance, the savings to government and the benefit to society will be immense.

These are just a few examples of the positive impact of our work. We must be very careful that budget constraints don't reduce our ability to bring this kind of important work forward for implementation. That would be penny wise and pound foolish. We believe that performing more systems audit work aligns with Albertans' need to know whether government is using their resources wisely. A key output of our systems audit work is to identify where government can make improvements to important management systems like those I just mentioned. Systems audits can also identify waste, dollars that don't contribute to achieving results, and help government managers deliver value for money. Our recommendations to improve economy, efficiency, and effectiveness become even more vital in times of economic constraint.

In summary, we are very pleased to report excellent results and to have developed a business plan and a budget that will fulfill our mandate and achieve our strategy while containing costs. I'll conclude with where we started and the motivation that our people live every day. At the office of the Auditor General the purpose that inspires us is knowing that our work is making a difference in the lives of Albertans.

Thank you, Chair and committee members. We're happy now to take your questions.

The Chair: Thank you very much for your presentation.

I will now open up the floor to questions. Mr. Shepherd.

Mr. Shepherd: Thank you. Thank you, Mr. Saher, for coming today, and Ms Eng and Ms McHugh as well. I just want to say that I'm really pleased to see that your office is again setting a fantastic example. I really appreciate the clear amount of thought and effort that you've put into finding efficiencies in your office, both in your operations and your budget. I found your material very clear, very concise. It was a pleasure to read through. So thank you so much for that and for the work you do on behalf of the people of Alberta.

One of the things that I did want to ask about: going through this, then, can you speak a bit more to just how you balanced the priorities that you had in terms of this budget to ensure that Albertans were going to continue to receive the best possible services during this time of fiscal restraint?

Mr. Saher: You go first.

Ms McHugh: Okay. I think that perhaps the best way to do that would be to look at schedule 2, where we outlined for you how we absorbed the cut of \$546,000 that was provided to us last year. Do you want me to go through that?

Mr. Shepherd: If you wouldn't mind giving a bit of detail on it.

Ms McHugh: Sure. We can do that. Schedule 2, the \$546,000: the way we were able to manage those savings was within agent and other audit services. As mentioned, we do use agents and other audit services to augment our current team. We were able to save \$270,000 there. Part of that was that the office discontinued performance-measures auditing and review-engagement work. That actually reduced the need for some of those external services. We are going to be doing more systems-audit work instead of that specific performance-measures work. We'd like to talk about that a little bit because that was a pretty consistent savings in there.

Mr. Shepherd: Okay.

Ms McHugh: Merwan, did you want to maybe talk a little bit about why we made that decision?

Mr. Saher: Yeah. Sure. Over a number of years, at the request of the government we have looked at performance measures in ministry annual reports and that document that you'll now be familiar with, the government's overall performance report called Measuring Up. That work was done, as I said, at the request of government. It's not statutorily required in the Auditor General Act. It has had value over the years. I think it allowed the government to communicate to Albertans that these performance measures that were put into the public arena were credible.

We found that over the years, as the performance measures increased in size and the government's request to us with the number they wanted us to look at, there was some sort of mismatch. We concluded that our resources would be better used if we actually took that – it was about 6,000 hours a year of audit time – and redeployed that to systems auditing. Those systems audits that we would do, instead of looking directly at the sample of performance measures, would pick particular programs, services. We have been able to dive into those programs more deeply, assess the systems that are there to achieve economy and efficiency and, most importantly, look at the quality of the systems that the government managers have put in place to assess whether or not those programs are effective.

2:25

For example, if I can draw an analogy with the last public report we made, in February of this year, one of the items we reported on was the royalty reduction programs, and our main observation and communication to Albertans and the government was: you have a program that you believe makes sense, but you've not done the critically important work of analyzing whether or not royalty reduction is working as intended. So that is where we used our systems audit mandate to make a point that effectiveness evaluation was not as good as we thought it could be, and we plan to use that redeployment, that sort of 6,000 hours that we're taking out of actually looking at select performance measures in selected ministries, redeploy that to the sort of work that would be equivalent to that work we did on royalty reduction programs.

Mr. Shepherd: Thank you. I'd agree that that was a valuable insight that was gained through that process.

Chair, is there another question lined up?

The Chair: There isn't, so you can ask another question.

Mr. Shepherd: Okay. If I may segue to another question that's connected to what we were just discussing, you were talking about the \$546,000 which was cut last year. Now, at least a portion of that, if I recall correctly, was intended for the hiring of two new business leaders for your office. I know those funds were not made

available, but I notice in the business plan that you did still proceed with bringing in those business leaders by the methods you mentioned, which is excellent. I think that sounds like a great allocation of the resources. Could you give us a bit of information, then, about those business leaders and how the investment in their positions has been helping in your office?

Mr. Saher: I'm going to ask Ruth to go first, and then I'll supplement her answer if necessary.

Ms McHugh: No. I'm okay. If you want to talk about the business – I thought the question was going somewhere else. You go ahead.

Mr. Saher: Fair enough.

Yes, when we brought forward our budget last year prior to the reduction, it was clear in that budget that it was our intention to seek out two business leaders. We have essentially two lines of business, financial statement auditing and systems auditing. We had concluded that if we were to drive efficiencies into those lines of business and work in a really organized way to achieve our strategy of a mix in our work plan of only 70 per cent going to financial statement auditing and growing to 30 per cent in systems auditing, we were going to have to have a much more focused thinking about the processes that we use in those two lines of business.

Let me just further illustrate with systems auditing. As members of the Assembly and as Albertans you see the results of that work in a public report, where we'll have our chapters on the particular topics we looked at. To get to that final product is, in fact, a complex process, which starts with identifying audits that are worth doing, you know, coming back to that idea that our work should be relevant, the processes that we use to identify the work that truly would be in Albertans' best interest. So systems auditing starts with identifying work.

Then there's the whole process of ensuring that you have the right skills to be able to execute an audit. It's no good saying, "This would be a great audit," but then, in fact, compromising the reliability leg of the three-legged stool that we're looking at: relevance, reliability, and reasonable cost. We need to have processes that ensure that over time we have the right skills to execute the audits.

Then there's the actual methodology, the way in which we as auditors go about executing a systems audit. There's the whole process of interaction with government managers, the due process of: are our findings valid? Will they be challenged by those that we're auditing? Are our recommendations viewed by those who are going to have to implement them as practical and useful?

Then comes the incredibly important job of communicating that work to Albertans and to the Assembly.

You know, generally, if you've chosen to be an auditor, you've chosen to enter a profession where you use a certain skill set. That skill set doesn't naturally include communication, the ability to write well, but that skill is an integral part of auditing. There's no point being able to do an audit if you can't communicate it, so we spend a lot of time working with our auditors to help them in the business of communicating. And then there is the whole business of: yes, we've made a report, we've communicated, the whole interaction with your sister committee, the Public Accounts Committee, working together with that committee in challenging the bureaucracy to implement recommendations, to take their action plans and be accountable for the action plans that they have communicated.

So I'm just trying to illustrate that in that line of business, systems auditing, it's complex. It is something that we determined over a year ago, that as an office we would benefit by having a business

leader, someone whose job was to examine those processes from beginning to end to assess whether or not we were doing things in the best way, to propose changes to how we do it, and then to lead that change initiative. It's easy for someone to look in and say that something should be changed, but the real hard work is to actually create the transformation.

In both those lines of business I'm pleased, notwithstanding that we had that \$500,000 reduction, that we decided that strategically we needed to press ahead with those two positions because those two positions, in fact, will enable us in the long term to achieve, you know, the best value for Albertans in the way we carry out our work.

Ms McHugh: If I might just tag onto that, to your question, when we recognized that we had to cut last year, we really did have some very robust conversation around this. To Merwan's point, we recognized that strategically for our office the best decision for us was to press ahead with the business leaders and make the cuts in the ways that we outlined here in schedule 2. So it was a very deliberate decision.

Mr. Shepherd: I appreciate that. Thank you.

The Chair: Mr. Cooper.

Mr. Cooper: Thank you, Chair, and thank you so much for your presentation. I also was pleased that the committee was able to reappoint you for another two years. Not only are you a gifted auditor, but you are also a gifted communicator. Maybe that's one of the things that makes you the pinnacle amongst your peers, being able to put those two skills together. I might just add that given the commitment to a wage freeze in Ruth's comments, there's not even really the opportunity to ask for a raise, so she must really, actually mean those nice things she says about you.

Now, getting on to my actual point or question for you, with respect to Ruth's comments about the continued financial pressures – and let me say that certainly myself and my guess is that my colleagues are extremely appreciative of the work that you do in trying to find the best value for Albertans' dollars that are spent and the hard yards, if you will, that you've undertaken over the last number of years to work under the confines that have been placed before you. Coming out of that, is there any way or value in the office providing some sort of context of actual dollars that might be saved because of the office? If so, is there a case that could be made that if there were additional resources spent in the Auditor General's office, in fact, there could be a net savings across departments, in which case there might actually be a business case for an increase? Now, I'm certainly not suggesting that at this point in time, but is that data available, or is it too costly to produce and not of that much value?

2:35

Mr. Saher: Okay. You've raised a very interesting question, and it's one that I think audit offices across the world struggle with. Should they try to explicitly convert their work effort into dollar numbers of amounts saved? I think the jury is out in terms of whether it's a good thing to do. I'll tell you that the National Audit Office in Britain does it, has processes and spends time quantifying what it believes to be the added value from its work. There are others, I think, in the world, and I think I would put myself in that group, who argue that you can go about it, but it's subjective. There are so many contributing factors to savings that an audit office – even if you can associate yourself with the savings, you're only a part of that saving unless you get involved in debates as to: can you

claim that the saving is one hundred per cent achieved because of your effort?

I think if we go back to the comments, the illustration that Ruth used with work that we recently did on the government of Alberta's cash management processes, I mean, it's not difficult for us to look in and quantify examples where we know that if the system or process changed, there would be savings. Should we say to ourselves that – I mean, I could do a number, and when we present the Public Accounts Committee about that work, we may go into a little more detail, but I could easily show you that a particular change in a process could achieve a \$20 million per annum saving, almost the cost of the audit office. That's great, isn't it?

Mr. Cooper: If you could find, like, 30 of those, that would be wonderful.

Mr. Saher: Yeah.

Another example, if you bear with me. I personally feel that the work we did at the Northland school division on attendance was a really important piece of work because what it got to was that, I mean, there's creditable data that for every child in Alberta who doesn't complete a high school education, the lost opportunities and the cost to society some people have quantified at – there's a number and a source I could give you – \$900,000 in that lifetime. So, you know, 900 students at Northland school division who are chronically absent and thus at risk of not completing their education: if you multiply that up, that's a \$1 billion number. Should the audit office claim that we were involved in potential savings of \$1 billion? No. I only use that to illustrate that I think that we picked a good and important topic to look at and that our efforts, we hope, will influence change.

That's why we make such a big deal, if you will, about follow-up auditing. It's always been in our methodology, ever since we started doing these systems audits over 35 years ago, that our work is not done until we've done the follow-up. It's relatively easy to make a recommendation. It's much, much harder to go back and satisfy yourself as Auditor that a change has actually taken place. At least we are privileged and have that luxury of returning to the subject matters we've looked at to do follow-up audits to ensure that change has taken place.

All of this is a very long-winded way of saying that, yes, I think as auditors we can signal to you that we believe our work did have value, but I think it would be a different proposition to come forward to you and argue that if you were to increase our budget by X we could guarantee a return to Albertans of X plus Y. Also, one important thing that we have learned over time is that any public service has a finite capacity to deal with recommendations from their independent auditor. Yes, we could marginally increase our size and produce more recommendations, but they would be going into a bureaucracy that is working hard to deliver programs and deal with our invitations to consider improving their services, so there is a point at which you just make the whole thing grind to a halt. That's why we've concluded that sort of a 70-30 mix of the resources allocated to us is the right mix. Quite frankly, at the moment we're comfortable coming to you with our – I'll round it up – \$27 million budget because we think that that's an appropriate sum today in this environment to deliver useful work to Albertans.

Mr. Cooper: Just to follow up, mostly out of curiosity, a systems auditor and a financial statement auditor: are they different people in that, like, is the person who wants to audit the financial statement and someone who wants to audit a system significantly different in terms of skill sets?

Mr. Saher: Well, I'll tackle it this way. Some people ask me: "Really? You stayed in the audit office for all of those years? You've been there longer than I've been alive." Yeah, and I'll tell you why. It's because legislative auditing – and I make a point of describing the work we do as legislative auditing. We conduct the same profession that my colleagues in the large public accounting firms do, but the difference is that we have an opportunity to do financial statement auditing and systems auditing, which, incidentally, elsewhere in the world, other places, is referred to as value-for-money auditing or performance auditing.

The skills that you acquire as a financial statement auditor are the fundamental skills that you require to be a good systems auditor. You don't have to necessarily go through training in financial statement auditing to become a good systems auditor, but you have to acquire those fundamental skills of: what is audit evidence, how do you extract that evidence, how do you confirm that what you're being told is in fact valid? Let me put it this way. A number of those in my office who specialize in systems auditing got their initial training in the financial statement audit world. We have systems auditors who did not train in the financial statement world but have acquired the skills necessary to do that work.

But I think that the proposition to those who look in at work opportunities, so, you know, young people in universities who have decided to get themselves a professional accounting designation – we go and sell ourselves on the basis of: join our office; we have a mix of work that is unique, challenging, and the ultimate challenge is that there is no bottom line. The government doesn't have a bottom line. Yes, you have surpluses. The government has surpluses and deficits. Is a big surplus good? A large deficit: is that bad? Not necessarily. That's why performance measurement is so important. Being involved in the business of looking in at systems design to measure effectiveness is really, really challenging. It's really interesting, and I think that's why we have an opportunity for professionally designated accountants to find a very fulfilling career.

I'm not sure if I answered your question, but I tried to.

The Chair: Thank you.

Mr. van Dijken.

Mr. van Dijken: Thank you, Chair, and thank you for your report. I'm going to dive a little bit into performance measures and the metrics required to get true understanding of effective and efficient processes and policies. You talk about: government has limited capacity, finite capacity, to implement recommendations. I guess I'm just a little bit curious about what you see as the limitations there in government capacity to implement recommendations. In the context of, say, going from metrics that are largely results based as compared to metrics that are largely process based and if we wanted to move into more results-based measurement, what are, essentially, those limitations within bureaucracy that get in the way of improving those types of systems?

2:45

Mr. Saher: Well, let me start, and then I'll ask Ruth to supplement. You know, from a very practical point of view the government managers whose systems, processes we look at: I mean, their primary job is to deliver those services and programs and, we believe, importantly, to measure whether or not they are in fact being successful. One could argue – and I think perhaps your question is founded in sort of simple logic – that if it's your job to deliver programs and services and an external auditor makes a suggestion of how you could do that better, why should that in any way impede your ability to continue working? Surely that external

contribution in terms of advice, suggestions is just part of the normal course. That's the sort of logical, I think, response.

But it just isn't like that. I'm very conscious, you know, of the professionals that we work with in the public service. They are tasked with the task in the whirlwind of their daily life of continuing to deliver a program, just trying to get, you know, the fundamentals done so the program is still operating as they believe. Then you have an auditor come along and make suggestions which will inevitably, if the recommendation has some real value, take time and effort on their part. So you're asking them to in effect divert attention, perhaps, from what they've been used to doing to something else. There's only so much of that you can do, I think, and be successful. It's a sort of balancing act of how far you want to push a group of people, who are working very hard to deliver something in the best way that they can, to step back, to analyze whether or not they're doing it well, in some cases to change how they're doing it.

Change is difficult. To make a change successful requires a lot of extra effort. I think that that's why we have this view that there is a point at which we should not make further recommendations. It's counterproductive given the government's programs and services at a point in time. We strive to help government managers make the delivery better, but I think we could make the whole thing grind to a complete halt if we had so much coming in that it was even difficult for those receiving those recommendations to decide what is more important than something else. It can't all be equally important. I think we just prefer a model in which we say: "If we make a recommendation, we truly believe it to be important. We truly believe that you should make the time to study it and produce an action plan." I think we have a good balance of input from the independent auditor to the public service.

I'll just leave it at that.

Ms McHugh: I think the only thing I would add is that in any organization you have resources – right? – time and attention and dollars. The resources required to maintain your day-to-day activities can't be then diverted to change. The recommendations that we bring bring change to an organization. Resources required for day-to-day operations can't be applied to change; you have to create the capacity for that change. I think it's just recognizing that any organization has a limited amount of time, attention, and resources to spend. We're looking for the biggest bang for the buck, so to speak.

Thank you.

Mr. van Dijken: If I may, adding to that, then: in your recommendations do you consciously make an effort to try and understand the capacity of the department to implement change and base your recommendation off that, or do you make recommendations and allow then the department to evaluate their capacity to change?

Mr. Saher: It is the latter.

Mr. van Dijken: Okay.

Mr. Saher: It's the latter but with consideration for, you know, practical, sensible people. Are we providing something to a department or a management group that so obviously would require such a fundamental change that we are in fact, you know, becoming part of the management of that organization or even those that oversee? We've always taken the view that if we believe the recommendation to be practical and that it will benefit Albertans, it should be for the management group to make the decision of how

to implement, and every management group has the ultimate right to not accept the recommendation.

That's what I believe is the check and balance in the system. If we as the independent audit office go off – well, I'll say it – half-cocked and produce something ridiculous, then the system allows management to say: well, we just don't accept it. The system allows, in the democratic process we have, for that disagreement, if you will, to be aired in front of the Public Accounts Committee, where each side can advance the logic and reasoning that they have.

The Chair: Thank you.

Mr. Shepherd.

Mr. Shepherd: Thank you. In the business plan, in your presentation today you do mention and sort of talk about your work on retention of staff, specifically your focus on making sure that you have the right people in the right place and that those people are going to want to stick around to provide continuing value. One of the things you mentioned in the business plan is that you've refreshed your performance management system, you updated your compensation strategy and your training and career adviser programs, and that you believe that those would help contribute to improving your results with your staff in the workplace. I was wondering if you could give us a sense of some of the specific improvements you've seen or how you're measuring that.

Ms McHugh: Sure. Absolutely. Our performance management system is very clear to people. We have clear expectations guides and clear competency guides so everyone in our office understands: "Where am I today? What is the next logical step for me in my career? What exactly do I need to do to get from here to there?" That's supported by training and by our career adviser program. As well, it's now supported by a compensation system that is aligned with the government of Alberta as well as market benchmarking, et cetera. All of those things together, in addition to this amazing body of work that we are able to offer to our people, I think, have really helped in increasing our staff retention.

You can see in our performance measures that our goal for staff turnover is under 20 per cent, and that really is the industry norm for a CPA training office, right? You bring people in, and there's certain audit work that they do, but they don't all stay, and that's okay. That is part of the business model. With a goal of under 20 per cent we moved from 18 per cent to 15 per cent. That 15 per cent is really quite fantastic in our industry, so I think it's good evidence that it's working.

Mr. Shepherd: Yeah. I had noted that, yeah, the staff turnover rate was 15 per cent, but you were setting your target at 20. I was going to ask about that . . .

Ms McHugh: Under 20. Yeah. It's kind of an industry . . .

Mr. Shepherd: . . . but that's what it is. The 20 per cent is a standard sort of market turnover, so you're sort of consistently benchmarking below that.

Ms McHugh: We want to always be below that. Exactly.

Mr. Shepherd: Excellent. It speaks well of your office.

Ms McHugh: Thank you.

Mr. Saher: I will just supplement as we're having a conversation with our oversight group. You know, the closest comparator to us is a public accounting firm, a professional accounting firm. I mean, we're engaged in the same fundamental business audit services.

As Ruth has explained, we're a training office, so we train. We offer under contracts to those who wish to become designated CPAs a program of work that enables them to get the practical experience they need alongside their academic studies to get a designation. The model is that some of those will leave, and we expect that they will leave. The challenge for us is to encourage the very best of those to stay with us and to consider the beginnings of their career in legislative auditing. In fact, a good legislative audit office has a mix of people. It's not people who started and worked their way up. It's some who did that. We have many people who join us from the outside.

2:55

I'm acutely conscious that our young professionals, once they become designated, will look to their futures and compensation at a point in time. All of these are factors that they will take into account. We are in a climate of economic constraint and restraint, of economic restraint. I mean, we're acutely conscious of that, but I'm also conscious that the young professionals in our office will be thinking about their skill set and where that is useful in the world.

Today we're good. We'll have to see, and we'll report to you each year on how we're doing with that statistic. That metric may well change because the skill, the designation CPA, which is the primary designation that we have in our office, is marketable across the world, and some of those young people, I'm sure, will look to opportunities elsewhere to further their careers. At the moment I think we're doing well. We're doing everything we can to present to them an attractive work environment in which to grow and become truly excellent auditors.

Mr. Shepherd: Excellent. Yeah. I did notice – I think it was in last year's business plan – that you talked a bit about the in-house training and mentoring support for students. I noted that with the amalgamation of the two provincial designations there were some additional costs, which, I guess, were just for last year, not repeated this year. I didn't notice in this year's business plan anything mentioned specifically about sort of the training, mentoring, and support, but it is something that's continuing?

Ms McHugh: Absolutely. It's ongoing. You're right. There was an increase in our training expense last year because the three designations – CA, CMA, and CGA – merged to become CPA. As a result, students in the legacy education programs rushed to complete their education under the legacy programs, so for that period of time we were putting more of them through, and the legacy designations were offering more of the modules to get everybody through before the merger happened. That really was a one-time cost.

But, absolutely, training and mentoring are fundamental in our office, and I'm actually very proud of the office of the Auditor General's competency and expectation guides. They are clearly matched to the CPA Canada competency guides, and it's so exciting to see our people so clear on their career path at our office.

Mr. Shepherd: Excellent. Thank you.

The Chair: Thank you.

Mr. van Dijken.

Mr. van Dijken: Yeah. Thank you. Going further into that, then, metrics play a large role in being able to determine where you lie within industry standard, and I understand that 20 per cent is a metric that would be considered industry standard in your role. If we look at 15 per cent and we feel we're doing good but we came to 10 per cent next year, I would start to question: we're doing

something wrong because we got too far away from what would be industry norm, and maybe our people are getting too comfortable in being able to stay and not expand their wings and move on out and experience other parts. So, you know, when you talk about addressing the metric, it is critical to have metrics that are in line with what would be considered normal within the industry.

Ms McHugh: Absolutely. It's not just the number, that 15 per cent; you want the right people to stay. It's important for us to have the optimal mix of staff on every audit, the optimal mix of staff auditors, intermediate staff auditors, senior staff auditors, audit managers, engagement leaders, subject matter experts. Each audit is a very intricate project that must be staffed appropriately for that project. This is a really simplified approach to what – trust me – is actually a very complex operation.

Mr. van Dijken: We have a hockey team that could use some very – the chemistry of a hockey team.

Ms McHugh: Everybody has their position to play. Exactly.

The Chair: All right. Thank you.

Thank you very much, Mr. Saher, and thank you to your staff for your presentation. Also, thank you for responding to all of our questions. Just for your information the committee's decisions on the officers' budgets will be posted by the end of the week.

Mr. Saher: Thank you very much. Thank you for your time today.

Ms McHugh: Thank you.

The Chair: We'll take a two-minute break, and then we'll come right back.

[The committee adjourned from 3:01 p.m. to 3:07 p.m.]

The Chair: As mentioned at the outset of today's meeting, the committee has an item of business outstanding from the February 17, 2016, meeting. I would call for the committee to move in camera for this item. For the members' information any decision of the committee will be formalized by a motion once we return to the record.

Would a member make a motion to move in camera, please? Ms Woollard. All in favour? Opposed? Motion is carried.

[The committee met in camera from 3:08 p.m. to 3:25 p.m.]

The Chair: We're back on the record.

I'd ask if a member has a motion to bring forward for the committee's consideration. Mr. Kleinsteuber.

Mr. Kleinsteuber: Thank you, Chair. I'd like to move that the Standing Committee on Legislative Offices recommend to the Lieutenant Governor in Council that Mr. Glen Resler be reappointed as Chief Electoral Officer.

Thank you.

The Chair: All right. We have a motion on the floor. Is there any discussion or questions? Mr. Kleinsteuber, would you like to speak to it?

Mr. Kleinsteuber: Sure. Thank you, Chair. I believe that we all agree that the Chief Electoral Officer observed in the last general election with great competence. He was appointed just two years ago and quickly had to get up to speed with a considerable amount of election activity leading up to the general election last year, as this was his first election in this position. But from all accounts and feedback I think we can say that it went very smoothly, that

Albertans were able to get to the polling stations and cast their ballots, and that any issues were dealt with promptly and professionally.

The Chair: Thank you.

If I don't see anyone else on the speakers list, I will call the question.

All those in favour of this motion? Opposed? That motion is carried.

Are there any other items for discussion?

If not, the committee will reconvene at 9 a.m. tomorrow, February 24, 2016, to hear from the Ombudsman and the Public Interest Commissioner.

Would a member move a motion to adjourn.

Mr. Cooper: So moved.

The Chair: All in favour? Any opposed? Motion is carried.

[The committee adjourned at 3:27 p.m.]

