



Legislative Assembly of Alberta

The 29th Legislature
Second Session

Standing Committee
on
Public Accounts

Tuesday, March 15, 2016
8:30 a.m.

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Standing Committee on Public Accounts

Fildebrandt, Derek Gerhard, Strathmore-Brooks (W), Chair
Anderson, Shaye, Leduc-Beaumont (ND), Deputy Chair

Barnes, Drew, Cypress-Medicine Hat (W)
Cyr, Scott J., Bonnyville-Cold Lake (W)
Dach, Lorne, Edmonton-McClung (ND)
Fraser, Rick, Calgary-South East (PC)
Goehring, Nicole, Edmonton-Castle Downs (ND)
Gotfried, Richard, Calgary-Fish Creek (PC)
Hunter, Grant R., Cardston-Taber-Warner (W)
Luff, Robyn, Calgary-East (ND)
Malkinson, Brian, Calgary-Currie (ND)
Miller, Barb, Red Deer-South (ND)
Renaud, Marie F., St. Albert (ND)
Turner, Dr. A. Robert, Edmonton-Whitemud (ND)
Westhead, Cameron, Banff-Cochrane (ND)

Also in Attendance

Orr, Ronald, Lacombe-Ponoka (W)

Office of the Auditor General Participants

Merwan Saher	Auditor General
Robert Driesen	Assistant Auditor General
Brad Ireland	Assistant Auditor General
Eric Leonty	Assistant Auditor General
Doug Wylie	Assistant Auditor General
Mary Gibson	Business Leader, Systems Audit Practice

Support Staff

W.J. David McNeil	Clerk
Robert H. Reynolds, QC	Law Clerk/Director of Interparliamentary Relations
Shannon Dean	Senior Parliamentary Counsel/ Director of House Services
Philip Massolin	Manager of Research Services
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Jody Rempel	Committee Clerk
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Tracey Sales	Communications Consultant
Janet Schwegel	Managing Editor of <i>Alberta Hansard</i>

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Tuesday, March 15, 2016

[Mr. Fildebrandt in the chair]

The Chair: Good morning, everyone. I'll call this meeting of the Public Accounts Committee to order and welcome everyone in attendance. I'm Derek Fildebrandt, the MLA for Strathmore-Brooks, chair of the committee.

Before members and guests introduce themselves, I'll note for the record the newest appointees to the Public Accounts Committee. Mr. Shaye Anderson has been appointed as our new deputy chair. Mr. Fraser, Ms Goehring, and Ms Luff have also been appointed to the committee. We are also joined today by our new committee clerk, Karen Sawchuk, who will be taking on the role, and I think that started the other week. As well, we have substituting today Mr. Ron Orr for Grant Hunter, and I think we expect Dr. Swann at some point, potentially. Mr. Fraser will not be joining us.

The usual housekeeping. Microphone consoles are operated by *Hansard*, so you don't have to touch them. Audio of the committee proceedings is streamed live on the Internet and recorded by *Hansard*. Audio access and meeting transcripts are obtained via the Legislative Assembly website. Please turn your phones to silent so that they don't interfere with the audio system.

As members are aware, the previous acting deputy chair and I rescheduled the review of the Auditor General's February 2016 report to today from March 3 because the Alberta Justice and Solicitor General meeting could not occur today due to the report on the tobacco litigation issue not being ready at the end of February as expected. We will address rescheduling under item 6 of the proposed agenda in the committee meeting schedule.

Are there any additions or changes to the agenda as distributed?

Seeing none, would a member move that the agenda for the March 15, 2016, meeting be approved as distributed? Mr. Malkinson. Any discussion? All in favour? Opposed? Carried.

We have two sets of minutes, so I will call for two separate motions to approve. Do members have any amendments to the February 3 minutes as distributed? Seeing none, would a member move that the minutes of the February 3 Standing Committee on Public Accounts meeting be approved as distributed? Mr. Dach. Any discussion? All in favour? Opposed? Carried.

Do any members have amendments to the February 4 minutes as distributed? Seeing none, would a member move that the minutes of the February 4, 2016, Standing Committee on Public Accounts meeting be approved as distributed? Mr. Westhead. Any discussion? All in favour? Opposed? Carried.

I will now welcome Mr. Saher and other guests from the office of the Auditor General, who are here today in a somewhat different role, to talk about recommendations from the most recent report of the Auditor General, from February 2016.

Okay. Well, it seems I've forgotten introductions. Before we introduce our guests and give it over to them, I will ask members or participants around the table to introduce themselves, beginning to my right.

Mr. S. Anderson: I'm Shaye Anderson, the new deputy chair and the MLA for Leduc-Beaumont.

Ms Goehring: Good morning. I'm Nicole Goehring, MLA for Edmonton-Castle Downs.

Mr. Dach: I'm Lorne Dach, MLA, Edmonton-McClung.

Mr. Malkinson: Brian Malkinson, MLA for Calgary-Currie.

Mr. Westhead: Cameron Westhead, MLA, Banff-Cochrane.

Ms Miller: Barb Miller, MLA, Red Deer-South.

Ms Renaud: Marie Renaud, St. Albert.

Dr. Turner: Bob Turner, Edmonton-Whitemud.

Ms Luff: Robyn Luff, Calgary-East.

Mr. Gotfried: Richard Gotfried, Calgary-Fish Creek.

Mr. Driesen: Good morning, everybody. Rob Driesen, Assistant Auditor General.

Mr. Leonty: Eric Leonty, Assistant Auditor General.

Mr. Saher: Merwan Saher, Auditor General.

Mr. Wylie: Doug Wylie, Assistant Auditor General.

Mr. Ireland: Brad Ireland, Assistant Auditor General.

Ms Gibson: Mary Gibson, business leader, systems audit practice, Auditor General.

Mr. Barnes: Drew Barnes, MLA, Cypress-Medicine Hat.

Mr. Orr: Ron Orr, Lacombe-Ponoka.

Mr. Cyr: Scott Cyr, MLA, Bonnyville-Cold Lake.

Dr. Massolin: Good morning. Philip Massolin, manager of research services.

Mrs. Dacyshyn: Corinne Dacyshyn, committee clerk.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Well, thank you very much. We'll now ask Mr. Saher and his team to provide an overview of the report. The remaining time will be offered to committee members to ask questions. I want to make sure we stop in time to allow us to schedule our forthcoming meetings.

Mr. Saher, you have the floor.

Mr. Saher: Thank you very much, Mr. Chairman. Thank you for the time to brief you and this committee on our February 2016 public report, which we made public on February 10. I'll make some summary comments, and then my Assistant Auditor General colleagues will brief you on the audits that they had oversight of.

One hundred and fifty members of the office, with support from a number of agent public accounting firms, all play a part in producing the evidence on which our public reporting is based. I thank them for their dedication to our mission of identifying opportunities to improve the performance of and confidence in Alberta's public service. An effective Public Accounts Committee holds government to account for its use of public funds and resources. One of the results of that effort should be an improvement in public administration; thus, the Public Accounts Committee and the province's independent legislative audit office are working in tandem.

In our February report although I have not specifically discussed the importance of good oversight in the Auditor General's message on page 5, I want you to know that we consider good oversight that focuses on results to be the key to success, and I define success as achieving desired results or knowing why your results are not what you expected. Considering the quality of the oversight being provided is always top of mind in our audits.

I did highlight information management in my message on page 5. Information management means the right information to the right people at the right time. Information is a strategic asset for all organizations, as important as people, financial capital, and infrastructure. Information technology has moved from providing largely back office support to enabling the delivery of programs and services and achievement of organizational goals and objectives. As a result, all organizations, public and private, large or small, are facing the need to reconsider their governance and management of information and related technology.

Our report identifies instances in which real or potential deficiencies in the governance or management of information and related technology may jeopardize critical energy sector infrastructure, hamper efficient and economical cash management, create privacy risks, or threaten the delivery of student programs and services.

We also report on an instance – that’s our drinking water audit follow-up on page 91 – in which increased attention to information management has helped the government improve program efficiency and effectiveness.

As you listen to my colleague Mr. Wylie briefing you on surplus management and results reporting at the office of the public guardian and trustee, I would like you to consider whether that audit is one that should be discussed by this committee sooner than later. It’s not on the list of proposed committee meetings under item 6 of your agenda. I regret not bringing it to your working group’s attention.

Thank you, Mr. Chairman. I’m now going to hand over to Rob Driesen. Thank you.

Mr. Driesen: Thank you, Merwan. I’d like to summarize for the committee our report on postsecondary institutions in Advanced Education, which starts on page 95 of our February report. Sustaining strong financial reporting processes and controls at each of Alberta’s postsecondary institutions is critical to supporting Albertans’ expectations that institutions are operating effectively. The report card on page 96 summarizes the adequacy of the financial reporting processes and controls at 16 postsecondary institutions with June 30 fiscal year-ends. Our October public report included a similar report card on four universities, including the University of Calgary and the University of Alberta, which have March 31 fiscal year-ends. The annual report card focuses on three areas. Can management prepare annual financial information promptly after year-end? Is the financial information they prepare accurate? Is management resolving promptly systems recommendations they receive?

The results for the 16 institutions we examined in this report show that in fiscal 2015 most institutions have improved their financial reporting processes or maintained adequate systems from the prior year. The overall results are an inverse of our first report card for fiscal 2011, when only 4 of the 20 postsecondary institutions we audited were assessed to have adequate controls and processes. While most institutions were able to demonstrate good processes in the current year, it is imperative each institution continues to improve and sustain good processes year after year.

8:40

We have Keyano College as the first institution listed in our report card as we concluded that significant improvements are required in their financial reporting processes. Keyano is a good example of what can happen when sustainable processes are not in place. In January 2015 Keyano’s CFO left, and a replacement was not found until just recently. Processes established in fiscal 2014

were not executed properly or at all in 2015, and the college was unable to promptly prepare accurate financial information.

A strong CFO or finance team can sometimes compensate for weaknesses in underlying processes and controls. A strong, sustainable control environment should not be reliant on only the strengths of a few individuals.

Olds College had a similar situation over three years ago, when members of its finance group left. As you can see in our report card, it has taken the college three years to rebuild reliable underlying financial reporting processes, which they are now working very hard to sustain in the future.

Other institutions which have adequate controls and processes in the current year may not yet have strong processes that can be relied on to be sustainable in the future. We are currently examining if our report card in future public reports can reasonably highlight which institutions may have a greater risk of not having strong, sustainable financial reporting processes.

The Minister of Advanced Education, through the department, must ensure boards of governors of each institution hold management accountable for establishing and sustaining strong internal controls and processes over financial reporting. Sustaining strong financial reporting at institutions will also facilitate better results-analysis reporting, a financial and nonfinancial indicator of an institution’s annual performance. This would allow all Albertans to clearly see what each individual postsecondary institution is achieving and contributing to the province.

As summarized on page 110 of our report, six institutions joined the University of Alberta in implementing all of their outstanding recommendations. We will continue to monitor the implementation of the remaining 23 outstanding recommendations in the sector, in particular the 16 recommendations that have been outstanding over three years.

As a result of our audits, we issued three new recommendations and repeated one recommendation across four institutions. Two of the recommendations relate to information technology related control processes. We believe that existing IT processes at institutions must continue to evolve and improve as the amount, complexity, and use of data in institutions is increasing annually. Institutions will need to ensure they can effectively use and monitor data while protecting access and privacy.

Thank you for your attention. I’ll pass the mike to Eric to discuss some of our specific systems audit reports.

Mr. Leonty: Thank you. Good morning. I’m pleased to discuss the next three audits, all of which are in our February 2016 report. I’ll be starting with our audit of industrial control systems in Alberta’s electrical and oil and gas industries, which begins on page 23.

Modern energy systems are increasingly complex, and industrial control systems, or ICS, play a vital role in the operation of energy companies in both the electrical and the oil and gas sectors. ICS are complex tools that influence machinery, controlling everything from valves to turbines to entire pipelines. Over the last number of years ICS have become increasingly integrated into energy companies’ networks and can be operated and monitored over the Internet. In simple terms ICS are no longer stand-alone devices; they are connected and can sit outside traditional IT security walls. The benefits of this connectivity are very important to the energy sector. It allows for remote access and control, real-time monitoring, providing greater reliability of operations and reducing operating costs.

However, being connected also introduces risk, most notably cybersecurity risks, whereby the malicious exploitation of vulnerabilities could potentially result in risks to human safety, the environment, and the economy. With the technological evolution of

ICS occurring in the energy industry, there is a risk that government monitoring and oversight may not be keeping pace with some of the changes taking place in the industry. We examined government's role in relation to ICS in the energy industry as Albertans could be at risk if ICS are unsecured or do not meet minimum IT security standards. More specifically, we are examining whether the government has any role in assessing or regulating the use of ICS in the oil and gas and electrical industries. It is important to note that industry is ultimately responsible for carrying out their operation safely, responsibly, and securely. It is government's role to be able to determine if that is indeed the case.

For the electrical industry we found that the Alberta Utilities Commission had recently approved mandatory IT security standards for ICS that electrical operators must comply with. These standards come into effect in October 2017, and the compliance with these standards will be monitored by the Alberta Electric System Operator. Because a mitigating action has been put into place to deal with the risk in the electrical sector, we did not make any recommendations to the Alberta Utilities Commission.

For the oil and gas sector we found that the Department of Energy and the Alberta Energy Regulator have not completed a reasonable assessment to be able to conclude on the risks associated with ICS and the potential impact to Albertans if something were to go wrong. Both the Department of Energy and the Alberta Energy Regulator asserted at the time of our audit that they did not have a role in assessing risks with ICS or IT security standards for Alberta's oil and gas industry. Further, our audit confirmed that no government organization has appropriately assessed the risk or impact to Alberta's provincially regulated oil and gas infrastructure if it were successfully attacked through unsecured ICS.

We did find that Justice and Solicitor General through its intelligence gathering has recently completed a threat assessment in relation to ICS. This assessment found that there is currently a high threat of exploitation but a low threat of cyberattack to Alberta's oil and gas industry. The Justice and Solicitor General report also suggests that a more detailed threat and risk assessment should be completed to better understand the threats and possible impact of an attack on Alberta's oil and gas industry.

Based on these findings, we recommended to the Department of Energy and the Alberta Energy Regulator that they jointly determine whether a further assessment of threats, risks, and impacts to ICS used in oil and gas infrastructure would benefit Alberta.

The next audit I'll be discussing is on systems to manage royalty reduction programs, which begins on page 15 of our report. Royalty reduction programs are intended to encourage the development of petroleum resources, new technologies, and value-added processing. The reductions provided to royalty payers are intended to provide the economic incentive to engage in this oil and gas development. One of the key intended outcomes of these programs is that incremental royalties will be generated from oil and gas production that might not have otherwise occurred. Presently there are 12 royalty reduction programs totalling \$1.4 billion in the 2015 fiscal year, or about 15 per cent of gross nonrenewable royalty revenues.

Our audit of royalty reduction programs was designed to assess three key areas: whether objectives of these programs are clearly laid out, that the programs are being administered properly, and that the department is sufficiently analyzing and reporting on whether the desired results of these programs are being achieved. We found that the department is effectively administering the programs. The approvals, the calculations, and the processing of the reductions are being done accurately and appropriately.

However, the department is not sufficiently analyzing the royalty reduction programs to determine if they're working as intended. Overall there's a lack of performance metrics to assess the

effectiveness of the royalty reduction programs. As an example, if a program is developed with the intention of encouraging a certain amount of development or incremental production, the department is not measuring and analyzing whether those stated objectives are actually being achieved; for example, the amount of incremental production. An analysis is important as it can help identify which programs are working well, which ones aren't, and provide insights into what changes, if any, are needed.

We also found that the results of these programs are not being sufficiently reported to Albertans. The amount of additional royalties generated or other value derived through these programs is not being reported. While the department does disclose the combined amount of the royalty reductions for the 12 programs, it does not disclose the amount of royalty reductions for individual programs. For example, the expenses of the incremental ethane extraction program are not disclosed, a program intended to generate significant amounts of capital investment in the petrochemical industry. I do want to stress that the total amount of royalty reductions are reported accurately and completely in the financial statements, and we examine those totals annually as part of our financial statement audit.

8:50

Based on our findings we have recommended that the Department of Energy annually evaluate and report on whether the royalty reduction programs are in fact achieving their objectives. Given the significance of royalty reductions and the potential impact these programs can have on oil and gas development in the province, we believe it is very important that the results be analyzed and reported.

The last audit I'll be presenting to you is on the systems to manage the victims of crime fund, which begins on page 43 of our report. The purpose of the victims of crime fund is to provide grants to organizations that deliver services to victims and to pay financial benefits to victims who have been injured as the result of a violent crime occurring in Alberta. Grants are made to police-based victim services units and to community programs that help victims during their involvement with the criminal justice process. The services provided by victim services units are varied, from providing information about criminal proceedings to emotional support and courtroom accompaniment. Community-based programs offer specialized services, including assistance related to family violence, elder abuse, and child abuse. Overall the fund provides resources to help some of Alberta's most vulnerable.

The objective of our audit was to assess whether the Department of Justice and Solicitor General has effective systems to manage the victims of crime fund. The victims of crime fund receives its funding through a 15 per cent levy on provincial fines, while the expenses of the fund are driven by the spending targets allocated by Treasury Board and Finance and then by the Department of Justice and Solicitor General. Over the last number of years revenues have been increasing at a faster rate than expenses, which has resulted in a growing accumulated surplus. The surplus is projected to grow to nearly \$50 million by the end of fiscal 2016, an increase of \$23 million since 2012.

Based on the Victims of Crime Act, any amounts collected by the fund can only be used to assist victims of crime. However, the government's and department's budgetary practices do not permit these surplus funds to be used for the purposes intended by the act. The fund is viewed no differently than any other program, so its spending targets are disconnected from the revenues that are being collected. In effect, these practices are potentially restricting businesses' decisions to better serve victims of crime. Presently there is no clear plan for the future use of the fund's accumulated surplus.

We also found that the fund lacks a current strategy and achievable plan. A sound plan should articulate what the present needs are, whether the funding is sufficient to meet those needs, and the implications to victims if the necessary funding is not available. The population of Alberta has grown, and the demands of the fund have changed over time, with the number of victims increasing steadily in Alberta, and in times of economic difficulty crime tends to increase. Thus, an updated strategy is needed. This strategy could also provide important information on the best use of the surplus. The current operational plan outlines the steps required over the next three years to ensure that victims of violent crime in Alberta receive accessible, appropriate, and timely services. However, the plan does not identify the resources, financial and otherwise, needed to achieve the objectives and priorities set out, nor does the plan identify the current and forecasted needs for the victims of crime population or areas where gaps in service may exist.

We also found that there is insufficient analysis of how funding impacts victim services delivery. As an example, victim services units have not had the funding cap increased since 2009, and there is no analysis to support the amount of the cap. As populations and the number of victims have grown, the funding cap has left some police-based victim services units struggling to maintain the level of service. The department prepares an annual victim services status report that outlines the various victim services programs and activities funded by the victims of crime fund. The report lacks analysis that shows if the department has been successful in achieving its objectives with the dollars spent. Without established targets and measures, it is difficult for the department to demonstrate if victims received appropriate, timely, and accessible services.

Based on our findings, we made two recommendations to the Department of Justice and Solicitor General. One recommendation is to develop and approve a business plan and measurable desired results for the fund and to report on it publicly, with the results of this in the business plan. The other recommendation is to determine an appropriate use of the fund's accumulated surplus supported by the necessary analysis.

Thank you. I will now pass it over to Doug Wylie to discuss the next audit.

Mr. Wylie: Thanks, Eric. My comments relate to the work that we did at the office of the Public Trustee. The office of the Public Trustee manages the financial assets of vulnerable Albertans. The Public Trustee acts to protect the interests of Albertans who are otherwise unable to make financial decisions for themselves. This role includes administering about \$600 million of estate or trust assets for represented adults and children. The Public Trustee has a fiduciary responsibility to act in their best interests and to protect their assets.

What did we audit? Our audit assessed whether the office of the Public Trustee has processes to determine how much should be retained in the surplus account. I should note that the reason for the surplus in the victims of crime fund that Eric just spoke about is different than the surplus in the Public Trustee's office. In this audit we were interested in assessing the quality of the processes used to determine what portion of the client's earnings would not be paid to them but instead would be held in surplus to cover certain risks managed by the office. We also examined the processes that the Public Trustee uses to set, communicate, and report the results of its operations.

Starting on page 33 of our report, we describe our findings. I'll take just a couple of minutes to provide you with some of the highlights. Over the years the earnings on clients' investments retained in the surplus account and not paid to the clients has been

increasing. At March 31, 2015, the balance had grown to \$76 million. Last year the actual earnings on clients' assets represented 3.3 per cent, yet only 2.5 per cent was paid to them. In dollar terms this represents a difference of approximately \$4 million for one year. In the last 10 years the balance retained and not paid to the clients has grown by approximately \$36 million.

We could not find any evidence that an analysis was conducted by management to determine the amount that should be retained in the surplus account. The office did not have processes to assess the optimal level of the surplus account or how it would be distributed. We made one recommendation in this regard. That was that we recommended the Public Trustee develop processes to effectively manage the growth and use of the surplus account.

Let me briefly turn to our work on performance reporting by the office of the Public Trustee. I'll start with some background information. As you are aware, performance reporting and analysis is a process to check how well a program is working and to make improvements. Management examines program results and costs and assesses what is working and what is not. Actual results are reviewed against planned results. This may lead to adjusting future plans, efforts, and spending to improve overall results.

Our audit revealed that the office and the department do not adequately report on the results of the operations of the office of the Public Trustee. While there is public reporting of financial information, it is reported in a disaggregated manner in the department's financial statements and the Public Trustee's estates and trusts financial statement. There is no one financial report that identifies the financial results of operations and the assets under the administration of the Public Trustee.

Further, there wasn't integrated performance reporting by the office. This includes relevant performance measures, including financial results. For example, we did not observe reporting on financial and nonfinancial information linked in an integrated manner, relevant performance measures and indicators with targets, an analysis and evaluation of results and outcomes with reference to goals, plans, key risks, and targets.

Let me give you a couple of examples of what some jurisdictions in Canada are reporting. They report such things as return on investment against benchmarks, service quality, stakeholder satisfaction, response time to complaints, and processing time for personalized expenditure plans.

I'll close with a practical example of where we believe reporting may have positively impacted a project and saved money. It is best practice that priority initiatives be highlighted in performance reporting. A significant IT project of the office was not included in its performance reporting. As a result, the project's actual progress compared to planned results could not be actively monitored. The project spanned five years and was ultimately cancelled. The total capital and administrative cost for the failed project amounted to approximately \$11 million. The monies used to fund this project came from the surplus account.

We made one recommendation resulting from the work on performance reporting. We recommended that the Public Trustee and the Department of Human Services improve the performance reporting for the operations of the Public Trustee office.

Thank you for the opportunity to be with you this morning, and I'll turn the mike over to Brad Ireland.

9:00

Mr. Ireland: Thank you. I will summarize for the committee the results of our audit of the Department of Municipal Affairs disaster recovery program transition. This audit starts on page 55 of our report.

Our audit examined the department's transition of administration of the disaster recovery program from a contracted service provider to itself and focused on three key areas: what was the business case for transitioning delivery of the program back to the department, how did the transition go, and what needs to happen in the future? We found that the timing of the transition was not ideal and that sufficient dedicated resources were not in place to execute the initial transition plan while also dealing with the 2013 southern Alberta floods. We found that the department's March 2014 transition plan was too ambitious given the magnitude and complexity of claims resulting from the 2013 flooding. We also noted that the department did not identify an adequate IT system early in the transition process, and this eventually required the department to take on the contractor's IT system. The department completed the transition of the contractor's IT system in March 2015.

However, there are still a number of supporting processes that the department needs to establish to effectively and efficiently deliver the program going forward. The department needs to upgrade its IT system to meet the department's IT standards, finalize policy and operating procedures, develop a training program for staff, obtain the technical resources to deliver the program, and establish the processes to be able to scale up quickly and deliver the program in response to large-scale disasters. The department's March 2015 transition plan identifies these process deficiencies. Our recommendation is that the department obtain the skilled project managers and establish the project management practices to implement its March 2015 work plan.

I will leave you with three lessons learned from this work. First, the timing of large change initiatives is critical; second, organizational capacity is required to deal with large change initiatives; and third, dedicated project managers with proper oversight improve an organization's chance of success.

I will now move on and summarize for the committee the results of our audit of the Department of Treasury Board and Finance's cash management systems, which starts on page 71 of our report.

The aim of good cash management is to have the right amount of cash available at the right time and to do this cost-effectively. Making cash available before it is needed and storing surplus cash have costs and risk implications for taxpayers. Given the current fiscal situation of the government good cash management is even more important. Our audit looked at whether the department has systems to ensure that cash management is efficient and economical. Our conclusion is that there are significant opportunities to improve cash management across government.

We had findings in five key areas: the first area was optimizing the use of excess cash across government as a whole to reduce borrowing costs or to increase investment returns; second, managing cash flows to government-controlled entities from a timing perspective and also managing the accumulation of large cash surpluses at these organizations are important; third, putting in place an integrated information management system to improve cash management; the fourth area was modernizing banking and related practices; and lastly, improving payment practices to ensure that the lowest cost payment options are being utilized.

We directed our recommendations to Treasury Board and Finance. We have noted in the report that the department should take the lead on implementation, but other departments will need to be active participants in the process to modernize and transform the government of Alberta's cash management processes. This transformation will require an investment in an integrated cash management IT system, but that investment has the potential to generate significant cash savings through improved cash forecasting. The example we highlight in our report in the middle of page 78 is that if the department could utilize \$1 billion of cash

accumulated within the government's consolidated cash investment trust fund, this could save on an annual basis \$20 million in net interest costs.

Thank you, Mr. Chairman. Those are my comments.

Mr. Saher: Mr. Chairman, we've completed our presentation to the committee. We're here and willing to take any questions that you have at this time. Thank you.

The Chair: Thank you, Mr. Saher and to your staff.

I will now open up the floor to members. Please let me know if you have a question by raising your hand according to the agreed-upon method. Mr. Dach will be first.

I'll also state that we don't necessarily need to take up all the time of the committee. If we feel that we've concluded beforehand, we'll move on. We need to leave about 10 minutes at the back end of this. We have a significant amount of scheduling to do and the approval of several reports, so we're going to make sure that we finish at least by 10 to 10, but if before 10 to 10 we feel that we've exhausted this, we'll just move on. There's no need to exhaust our time.

I'm just taking the speaking order here. It'll be Mr. Dach, Mr. Gotfried, Mr. Cyr.

Mr. Dach.

Mr. Dach: Thank you, Mr. Chair. Thank you, Mr. Saher and your staff members, for the very detailed analysis which you provided us today.

Now, on page 16 of the report, sir, you've discussed royalty management. Oil and gas companies pay royalties to extract and sell Alberta's natural resources. These revenues are then used by the government for providing Albertans' health care, education, et cetera. Alberta collected over \$8 billion annually in oil and gas revenue in 2014-2015, and I'm proud to say that managing energy royalties so that Albertans have a fair share is a top priority for our current government. This is why a royalty review panel was created. Now, however, historically low oil prices are affecting revenue generation and also the industry as well. Do you think this might affect any of the recommendations that you've made in the report?

Mr. Saher: I'll restrict my comments to the section on managing royalty reduction programs. My colleagues who worked on that audit did in fact request time with the members of the royalty review panel. We wanted to be sure that anything that we said would not contradict the conclusions of the panel, and I think we're satisfied that our material does not contradict the panel's conclusions.

However, it's my belief that the basis of our point is valid at any time in a royalty program. If within a program you have schemes, if within the total program you bring in efforts to incentivize certain activities, then you need to be sure that you understand what it is that you're trying to do. We have no doubts. We're not critical of the notion of an incentive program. That's not our point. We're simply saying that if a government puts in place a program designed to achieve something, it has an obligation to measure whether or not what it was intending to do has in fact occurred. So at the highest level that's really the point we're making, and I think that that point is valid at any point, any stage of an economic cycle, any point of a royalty program.

I'll ask Eric whether he has anything to add to that.

Mr. Leonty: Yes. The recommendation and what's contained within the report are valid as long as there are royalty reduction programs. To Merwan's point, as long as those programs are in place, one would presume that the department would want to know if those are working and achieving the results that were intended. Based on what we've, you know, seen and read today, it appears

that royalty reduction programs still remain as a feature of the royalty framework.

Mr. Dach: Thank you.

The Chair: Mr. Gotfried.

Mr. Gotfried: Thank you, Mr. Chairman, and thank you to the Auditor General and his team here for being with us today. My question really relates to some of the focus on the postsecondary institutions noted in this year's report, and I wondered if you could comment. It seems to me that when we run into issues of what I would say would be government's risk and perhaps fiscal responsibility, the boards of governors of these institutions would be key. I wonder if you could comment maybe on the ability or the knowledge of those boards of governors to oversee such risk and responsibility and if there were perhaps some gaps in terms of the experience or knowledge – for example, an ICD designation of those individuals – to in fact manage some of those risks of those institutions that have been addressed here.

9:10

Mr. Saher: Thank you. I'll start off, and then I'll ask Rob Driesen to supplement. The way we approach auditing in this sector is to take the view that the Minister of Advanced Education has ultimate oversight of the sector. Clearly, a minister and his or her departmental staff can't be running 20 institutions on a daily basis, so the system of having delegation, if you will, to appointed boards to oversee local operations makes business sense. But if that is the system, then it's crucially important that the boards of institutions have the skills to conduct their oversight.

We have not done a quality-of-skill-set examination of boards, so my comments are simply generalized. We have a generalized view that if an institution is experiencing problems in its financial administration and/or in achieving its educational desired results at a point in time, there will be a correlation with the quality of board oversight. That's, we believe, just a simple fact of life.

The point that we are making throughout this work, that Rob had oversight of, was that through a process a few years back of identifying those institutions that clearly had problems with financial reporting systems – we used the technique of a report card and simply said: in three dimensions how are each of them performing? It really was amazing, in a way, setting it out that way and making the point that the people that had the ability to change that and had an obligation to change that were, in fact, the boards of these institutions. I think the boards generally responded well, and as Rob outlined, the progress in improving the quality of systems has been quite dramatic.

Our point now is that having achieved good internal control over financial reporting, the real challenge is to maintain and sustain that, and that can only be achieved with skilled boards. We know that the Department of Advanced Education is involved in providing help to boards on an as-needed basis in terms of helping them with their oversight. Many of the boards, the boards of the large organizations, are highly skilled boards. Their members are skilled governors, if I can put it that way. We have no issue at the moment in terms of the generalized skill set of the boards that are working in this sector.

We did make a point in our previous report with respect to for-profit enterprises that some of the boards were entering into that that required particular skills and that it was thus a responsibility of that board to ensure they had that particular skill set, which is not a traditional skill set, and assessed whether the board, you know, had dealt with that adequately. In response to your question, which I took to be do we have a view on the training and the skills of the

boards operating in this sector, I think the answer comes from looking at the results. In terms of financial reporting the improvements, I believe, can be directly correlated with the effort and skills of the boards of those organizations.

Rob.

Mr. Driesen: Yeah, just to build off that a little bit more. Each institution is going to have some unique risks, and I think it's really important that boards identify what those risks are, the skill set that they have amongst their board members, and make sure that they have the right skills amongst their board members to deal with the risks and really understand and ask good questions about how those risks are being mitigated. I think it's really incumbent on those boards to spend some time to think about the skill sets that they have and determine where they might have a potential gap and fill that as quickly as they can or bring in the right expertise to help fill that gap if they need to. In doing so, having that really just improves the amount of overall governance and oversight that you have to have within these institutions just to make sure that they are identifying those risks and that they are operating as effectively as they can.

Mr. Gotfried: Thank you very much. That's very informative.

The Chair: Mr. Cyr.

Mr. Cyr: Thank you. Thank you, Auditor General and everybody, for being out here today. I enjoy all of the reports that you guys put out. They're fine reading, and they'll put anybody to sleep at night if you're up really late.

I would like to talk a little bit about your economy and efficiency of cash management in the government of Alberta. Now, 12 years ago the need for an integrated or automated treasury management system was identified. Can you comment on the failure of the 2014 capital planning process that denied that system?

Mr. Saher: No. I can't give you a specific. I can only give you what we learned in doing this audit. I think that it's important that I make this point, that over time those in Treasury Board and Finance that have had the responsibility to operate a cash management system that achieves economy and efficiency have realized that it needs new tools in terms of upgraded and new information systems. It's our understanding that those requests have over time been presented to Treasury Board as part of capital planning processes.

Well, the fact is that the funds have not been made available to them to invest in those systems. Why that is I can't tell you because I haven't specifically looked at that. We are looking at capital planning processes – that's an audit that we have in progress at the moment – but in terms of your specific question I cannot tell you why those applications to Treasury Board, the committee, were not in fact funded.

Mr. Cyr: In this report we show that there is significant excess liquidity just sitting in our bank accounts right now. Do we have an idea of how much excess liquidity – and I'm sorry if I missed it in the report – is sitting, just on average?

Mr. Saher: I'll ask Brad if we have quantified that. I don't believe we have. I mean, I think we've pointed to areas. We've tried to explain the system, a system which allows money that has been allocated for organizations to be given to them before it is necessary for them to have it, that this money flows out of, if you will, the general revenue fund, the central banking system, to members of the government reporting entity before it needs to. Many of them then set about investing that, making their own decisions on how to

not waste it because now that it's in their hands, they have the opportunity to make a return on it. Our contention is that all of that is costly, and simply from a business point of view, there's no need to send that money out until it actually needs to be spent. It can be far bettered managed centrally.

9:20

Mr. Cyr: Is it my understanding that we are currently running a synoptic journal system along with an Excel spreadsheet system, kind of in conjunction? In this day and age our government is at the lowest level we can be with our record keeping?

Mr. Saher: Yes. I mean, I don't mind being blunt. The way that cash management is being handled is arguably – I'll just make up a word – antiquated.

Mr. Cyr: This will be the final one, Mr. Chairman.

The Chair: All right.

Mr. Cyr: So we have a very antiquated system in place. According to page 78, fifth paragraph, it says that because of the system that we have in place, we've actually lost the opportunity of generating extra funds by the Alberta government in the amount of about \$20 million in net interest for a billion dollars. If there is \$2 billion or \$3 billion sitting there in liquid cash that is in excess, does that mean that we could be potentially walking away from a lot of money by not having this system in place?

Mr. Saher: Yes. To make the point as simply as we can, and my colleague Brad drew the committee's attention to page 78, just in simple terms, for every \$1 billion that is not being fully maximized, if we take a 2 per cent spread – that was the rough number we used, because it's not unreasonable, the difference between what the government is paying to borrow money and what its agents are capable of earning – a 2 per cent spread on \$1 billion is \$20 million. So for every \$1 billion of cash within the system that could be managed in a different way, in a better way, simply put, there's a potential \$20 million saving.

I do want to stress that it's not as if overnight the management of Treasury Board and Finance could – you're thinking: well, why don't they just come to work tomorrow and start doing things differently? There has to be a decision. We will attempt to modernize the system, but to do that will require, as Brad said, the co-operation of many government departments, and it will need change in legislation to effect.

We're simply saying that the benefits here outweigh all of the costs and effort and thinking and potential change in legislation that would be necessary to achieve it. I think, arguably, matters of this nature become far more prominent when one is in a situation of fiscal constraint. It sharpens the mind. People should be looking for every way of doing business better, and if the opportunity is not seized now, I wonder when it would ever be seized.

Mr. Cyr: Thank you, Auditor General.

The Chair: Okay. We're going to go to Ms Renaud.

Ms Renaud: This question is for Mr. Wylie. The office of Public Trustee has an important job in being responsible for managing the financial interests of vulnerable Albertans. In this report you've recommended that the office develop good processes to manage the accumulated surplus in the common fund. I'm wondering if you could describe the performance measures that would need to be in place in order to provide oversight that the Public Trustee's office is meeting the recommendations.

Mr. Wylie: Sure. I'll provide a couple. The retention of investment earnings, really, is to serve two purposes. It's to mitigate two primary risks the office has. One is errors and omissions. The idea behind that is that if there are errors that occur with respect to processing clients' transactions, they individually would not bear that cost, that the office would pay for those costs. So there are withholdings for that, the errors and omissions risk.

The other is the interest rate differential risk. What that risk is addressing is a situation where the amounts transferred to the client accounts exceed the investment earnings on the investments. I would point out that over the last 10 years that has not been the case at all. The amount distributed to the clients has always been less than the investment earnings, so that risk really hasn't manifested itself into a dollar perspective. We had a look at the errors and omissions – I think we went back five years – and it was on average about \$150,000 a year we were looking at from a cost perspective of what that represented in numbers.

Of course, our issue was: well, what processes do you have, then, to forecast, to try and identify what you actually need to be retaining? That's really what we're looking for, you know, those processes that will say: here's the risk we're trying to mitigate, and here are the processes to identify what we need in the way of mitigating that risk. That, I guess, is really what we're after on that perspective.

On the performance measures side, which we had identified, there are a number of areas where I think, you know, the office could go beyond the financial just in the way of how it's serving its clients as well as just the financial issue we talked about. Again, the surplus is really to serve two primary risks, and we're looking for processes as to how they're mitigating those risks.

Ms Renaud: Thank you.

The Chair: Mr. Gotfried, did you just put your hand up?

Mr. Gotfried: For a new question.

The Chair: Okay. Dr. Turner.

Dr. Turner: I'll pass.

The Chair: Mr. Barnes.

Mr. Barnes: Thank you, Mr. Chair. First of all, thank you to all of you for the work you're doing and for your excellent report today. I want to talk about the disaster recovery program transition, transitioning, of course, from a private provider, LandLink, back to the government department. On page 55, in your overall conclusion, the last sentence caught my attention: "We believe that once the department has completed implementing its transition work plan, Alberta will have in place a more effective and efficient disaster recovery program."

Once it's completed: that has caught my attention. Of course, it's almost spring. It's almost flood season. I'm wondering about your thoughts on whether you feel that Albertans who might be in jeopardy are able to be adequately and properly served, especially on a timely basis. The flood in 2010 in Cypress county was two years from start to finish and maybe still not even finished today, and that extra time, the stress and frustration it caused a lot of families, is of great concern to me.

In the second paragraph in your summary, the last sentence: "The department has paid \$903 million under various DRPs since 2010." Almost a billion dollars in just the five years that you've covered. I wonder, of course, if this includes the cost of paying LandLink or paying the department or if this just went out to Albertans who were

affected. A lot of money has been spent on prevention as well, whether it's berms, temporary or permanent. I wonder if your department has any thoughts on the success of that money being spent. Hopefully, the protection will become less harm to Albertans and less cost for Alberta taxpayers.

Brad spoke quite a bit about the timing possibly being wrong when this transition from the private supplier back to the department was undertaken. That leads back to my statement about: where are we at today? Are we adequately able to serve Albertans if something happens?

Brad spoke also about skilled project management being needed. I'd like to hear a little bit more about our ability to get these skilled people in place, what the cost of these skilled people will be, and how this department would gear up when a flood hits and all of sudden they need 200 or a thousand new people.

Thank you.

The Chair: Sorry. I would also just caution that when we have questions, we try to keep one question in a turn.

Mr. Saher: But I think I can handle it.

I'm going to try to provide an overall answer to many questions that you asked and make the point that I believe many of the questions that you asked are questions that should be put to the departmental staff.

9:30

The comment that we have in our overall conclusion: "We believe that once the department has completed implementing its transition work plan, Alberta will have in place a more effective and efficient disaster recovery program." We didn't say, "will have an effective;" the word "more" was placed there deliberately because we're trying to signal that, heaven forbid there is a major disaster tomorrow, we believe that the department will be able to cope.

The way that one should prepare for these disasters, which actually are inevitable – problems do occur – is to have in place the finest disaster recovery program that you can have. The department has diagnosed what it needs to do; it has an action plan. We're simply making the point – it's the plan we refer to on page 63 of our report, this transition work plan to improve its disaster recovery program delivery systems. We're saying that there is work still to be done and to get in place project managers that will help you with executing that plan.

One of the issues is that to execute change, strategies at the same time as dealing with day-to-day work – these are two different things, and if you misjudge the capacity needed for the change, then it just won't happen because people will take their time for dealing with the problems of the day. So we're really trying to encourage the department to get to the end of executing its plan, and we believe that if they get to the end, that it's a good plan, they will have in place a sound, sustainable system for dealing with disasters going out into the future. I think that's the main message, and that's where you started your questioning.

Maybe I'll leave it at that for today. I do believe that your working group has recommended that this particular program come forward before the committee for a hearing. I think that's the time that, you know, you will be able to interact directly with those that have the responsibility to put that action plan in place.

I will make just one other comment with respect to your question that we had done a previous audit on flood mitigation. Of course, that's where you get the maximum payback from all of this. Disasters will occur, but to the extent that you can mitigate the effects of those disasters – that's an audit that we made public. There was a hearing on that audit. But like any one of our major

projects – and I think that in discussions with the working committee we've recommended that this committee should bring back departments that have made commitments to take action to assess how, in fact, the action is proceeding. I think that Alberta's flood mitigation efforts are certainly one area where this committee should consider in due course bringing back the departments of Municipal Affairs and Environment and Parks.

Thank you.

The Chair: Mr. Gotfried.

Mr. Gotfried: Thank you, Mr. Chairman. Thank you again, Auditor General and team. The two issues that have been raised with respect to IT security for industrial control systems obviously are of great concern, I think, to all Albertans, one being the lifeblood and engine of our economy and two, obviously, the delivery of electricity in a reliable manner to serve not only Albertans but the industrial users within the province. Without getting too broad brush on this, I know that there are some concerns with the timing on the electricity issues not being brought into effect until October 2017 and, obviously, a lack of sort of risk assessment on those. I just wondered if you could maybe comment on this process: as opposed to being a switch-on in October 2017, whether there's monitoring of a phase-in, whether we're seeing an improvement of these processes going forward – obviously, I think that these are issues that will be addressed with Alberta Energy as we have the opportunity – and whether there's any evidence of or if you've done any work on best practices within the private sector which are already being undertaken with their own risk assessments, which I'm sure these multibillion-dollar companies are doing, that can be brought into the public realm in terms of best practices as well.

Mr. Saher: Okay. Thank you for the question. Eric will definitely supplement in a minute. The point I'd like to make – this is vitally important, and you have alluded to it in your question – is that it is industry's responsibility to have the systems necessary to protect their business from malicious external activity. It's not the government's responsibility to put in place the right systems. It is industry's responsibility. Our belief is that government has an oversight responsibility in the public interest. Simply put, we're saying: government, you have an obligation to make sure that industry is doing what it should do.

That's a regulatory oversight function. As you've said, that has been dealt with. The government of Alberta has dealt with that on the electrical side. The underlying regulations that are to be followed kick in in 2017. I don't believe we've done any work to assess whether or not those that might have had to take extra action to meet standards are in fact doing that. I'm not sure. Eric can perhaps tell you in a minute. On the oil and gas side we still in a way are engaged in persuading or at least trying to influence the government to accept that it does have this responsibility to ensure that provincial operators are in fact doing what they should do.

As for best practices, I'll leave that to Eric to answer.

Mr. Leonty: Sure. Maybe just to distinguish between the electrical side of things and oil and gas, although on the electrical side those standards aren't coming into place until October 2017, there's good indication that a lot of operators are already complying with IT security standards and standards related to ICS, particularly in those cases where operators have, you know, interties with other jurisdictions, particularly the United States, that type of thing. This just makes it mandatory, and it provides the avenue in which AESO can then assess compliance and verify that that is indeed taking place, which lends itself to why we didn't have a recommendation

related to the electrical side. There are indications that the right steps have been taken to move that forward.

On the oil and gas side, you know, similarly, some of the larger operators that have crossjurisdictional operations may need to comply with standards, say, by the NEB, where there's a national standard that needs to be applied. What is a little bit less certain is in the cases where the operations are just within provincial boundaries and the extent of work that's being done there. I mean, our focus, as far as the work we did in the role that the department and regulator play, is to determine: do they have a good sense or have they done a good assessment to be able to establish the quality in which operators are doing that in Alberta?

Mr. Gottfried: Great. As pointed out, I think the risk is one of the key issues that we need to get a handle on here to ensure that we have those systems in place. I'll look forward to when we talk further to Alberta Energy on those.

Thank you.

The Chair: We're fine to do supplemental questions and comments. Just please make sure you have the attention of the chair first for it. That's fine.

I'll just give everyone a warning. We're 20 minutes to. We have a fair bit of housekeeping business, so around 15 minutes to we're going to try and wind it down.

Mr. Cyr.

Mr. Cyr: Thank you, Mr. Chair. On page 86, paragraph 3:

Departments know that the banking branch has to open and close accounts. However, banking branch staff said that they have identified instances during the banking review where departments have opened bank accounts without the branch's involvement.

I'm trying to understand how exactly this works. Am I understanding this, that Treasury Board doesn't know that different departments are opening and closing accounts? Do we have accounts out there that we aren't currently tracking that are currently noncompliant when they're required to comply with the Financial Administration Act? If you could give me your quick thoughts on that, I'd appreciate it.

9:40

Mr. Ireland: I guess I would answer that by saying that through the audit we did identify a few instances. I mean, I think that from an accounting perspective the cash in the accounts are recorded in the systems. The examples in this paragraph are accounts that did not go through the approval process that Treasury Board and Finance has in place. If there is a need out there for a department to open a bank account, that has to go through that central approval process. There were a few instances, I'd say a small number of examples, of accounts that would be out in, you know, a branch office, where some government organization opened an account and that account did not go through the central approval process.

Mr. Saher: Sorry. If I could just supplement because I think it's important for Albertans to understand. We are not saying that the government does not know how much cash or that the government and its subsidiary entities, if I can put it that way, have lost control of recording the cash that they have and should account for in their financial statements. That's not what we're saying. This, as Brad said, was an instance in which a process was not followed. That process was designed in theory to allow a central group to understand how many accounts there are, who's got accounts, and to intervene and say, "You don't need an account," that sort of thing. There were some instances observed where that process was

not followed, but I don't want anyone to come away with the view that this means that this increased the likelihood of fraud, for example. That's not what this point is about.

Mr. Cyr: Thank you. That would have been my next question.

So the departments have come around a workaround, and you specifically mentioned Energy having 120 accounts. That doesn't seem excessive to you? I'm not saying that one is the answer, but do we just unilaterally give approvals to any department that says that they want an account without justifying it?

Mr. Saher: Yeah. I'm not trying to be facetious in my response. I'm simply trying to illustrate the point that I don't think any one of us would decide to have 25 personal accounts: let's have a bank account that we use for all of our automotive transactions; let's have one bank account that we use when we go out to restaurants. I mean, one might think, well, this is very neat, you know. But, really, it was a workaround. Rather than taking all cash coming in and putting it in one bank account and then using subsidiary methods to understand where those should be allocated, it was just thought to be simpler to put cash into separate bank accounts. We don't believe it's – it's indicative of a problem.

The Chair: This will be the last follow-up.

Mr. Cyr: In your opinion, has our Treasury Board unilaterally failed in their responsibility to maintain a relevant, working banking transaction system or accounting system?

Mr. Saher: Our findings are that Treasury Board and Finance, the department, has an opportunity to modernize this province's cash banking management system, and it's an opportunity that we believe should be seized now. It is a major undertaking and will have to be treated as a very large project and will require immense project management skills to make it happen. It won't happen if it's viewed as being an off-the-side-of-the desk task to be done by those who are doing their best to manage the antiquated system that we have today.

Mr. Cyr: Thank you.

The Chair: Thank you very much.

I'd like to thank Mr. Saher and the officials from the office of the Auditor General for their insights today.

We are now going to move on to the next items on our agenda. At this time, of course, our guests today are welcome to stay for this exciting part of the meeting, but if you wish to move on to other things, you're very welcome.

Mr. Saher: Mr. Chairman, thank you. We'll stay because I think all of my colleagues are interested in listening to the discussion, and it gives them a sort of heads-up of when they may be appearing before you to help with the audits.

The Chair: Very well. Thank you.

All right. Item 5 on our agenda is the draft reports of the Public Accounts Committee for the 28th and 29th Legislatures. The committee traditionally provides a report annually to the Legislature to report on its activities. Draft reports covering the 28th and 29th Legislatures were posted on the internal committee website. These reports will be tabled by the chair in the Assembly. Does anyone have any comments or questions about the reports?

If not, we require two separate motions for these reports. Would someone move that

the Standing Committee on Public Accounts approve the draft report of the Standing Committee on Public Accounts covering the 2015 activities for the 28th Legislature as distributed.

Mr. Dach. Any discussion? All in favour? Opposed? Carried.

Would someone move that

the Standing Committee on Public Accounts approve the draft report of the Standing Committee on Public Accounts covering the 2015 activities for the 29th Legislature as distributed.

Ms Miller. Any discussion? All in favour? Opposed? Carried.

Okay. We'll move on to item 6, our upcoming meeting schedule.

The Standing Committee on Public Accounts working group has discussed and put forward suggestions for the upcoming regular meetings to take place during the spring session. We are looking for approval from the committee today on the order and dates of meetings so that when the calendar for the main estimates consideration becomes available, the assigned dates will be obvious. The meetings will generally take place at the usual time slot during session, on Tuesdays from 8:30 to 10, usually with a premeeting briefing taking place from 8 to 8:30. The order of meetings will follow the motions which are approved today.

You'll recall that the original meeting scheduled for today was with Alberta Justice and Solicitor General respecting Justice Iacobucci's report. That has been postponed because the report is not going to be released until the end of March, so we propose that this meeting be rescheduled to April 12, 2016.

The working group has also proposed that Alberta Treasury Board and Finance be moved to April 5, 2016. So we will begin with a motion in this respect. Would a member move that the Standing Committee on Public Accounts invite Alberta Treasury Board and Finance to discuss economy and efficiency of cash management in the government of Alberta at its meeting on April 5, 2016.

Moved by Mr. Malkinson. Any discussion? All in favour? Opposed? Carried.

I'll now call for a motion regarding Alberta Justice and Solicitor General. Would a member move that

the Standing Committee on Public Accounts reschedule and invite Alberta Justice and Solicitor General to meet from 8 a.m. to 10 a.m. on April 12, 2016, with respect to Justice Iacobucci's tobacco litigation report.

Moved by Mr. Cyr. Any discussion? All in favour? Opposed? Carried.

9:50

Next is a suggested motion regarding the balance of ministries on the proposed meeting schedule. I would like to note for members' information the following discussions with the working group after the schedule was posted. The suggestion is that the ranking be revised by moving Service Alberta up to number one, Treasury Board and Finance up to number four, and Alberta Energy down to number five.

Would a member move that

the Standing Committee on Public Accounts invite Service Alberta, respecting IT disaster recovery, on May 17, 2016;

Alberta Treasury Board and Finance, respecting the status of public-sector pensions, on May 24, 2016; Alberta Energy to address systems to manage royalty reduction programs on May 31, 2016; Alberta Health and Alberta Health Services to address systems to manage the delivery of mental health services on June 7, 2016; Executive Council, Alberta Health, and Alberta Municipal Affairs, respecting awarding of contracts to Navigator Ltd., on June 7, 2016; and that the committee working group be authorized to change a meeting date or dates, if required, should any of these conflict with the meeting schedule for consideration of the 2016-2017 main estimates.

Moved by Dr. Turner. Any discussion? All in favour? Opposed? Okay.

The final suggestion is for an in camera meeting, without the presence of any external guests, for the purpose of reflecting on the Public Accounts Committee's work since the beginning of the current Legislature and looking at ways to improve going forward. This meeting may not fit into the schedule during this session, and I suggest that a date for the meeting be determined once we have heard from the ministries on our schedule.

Would a member move that

the Standing Committee on Public Accounts hold an in camera session, on a date to be determined by the working group, to reflect on the committee's recent work and objectives going forward.

Moved by Ms Renaud. Any discussion? All in favour? Opposed? Carried.

So once we have a calendar setting out the dates for consideration of main estimates, we will confirm our meeting dates for the spring schedule.

Other business. Is there any other business members wish to raise?

I will note for the record that written responses to questions outstanding at the close of the February 3, 2016, meeting were received from Alberta Education, Alberta Infrastructure, and Alberta Treasury Board and Finance and were posted to the committee's internal website. Responses in this respect were received from the office of the Auditor General and provided to committee members as well.

Our next meeting will be on Tuesday, April 5, with Alberta Treasury Board and Finance.

I'll also note that we have, as I've said, a new committee clerk, but that means that we are saying goodbye to our outgoing committee clerk, Corinne, who has done excellent work. I would ask the committee to thank her for that work. [applause] I think that makes four committee clerks that I have had the privilege of working with in my short time as chair. So I thank you very much, Corinne, for your service. And, Karen, my condolences.

I will call for a motion to adjourn. Would a member move to adjourn the meeting? Dr. Turner. Any discussion? All in favour? Opposed? Carried.

[The committee adjourned at 9:53 a.m.]

