Legislative Assembly of Alberta

The 30th Legislature
Second Session

Standing Committee
on
Public Accounts

Tuesday, November 24, 2020
8 a.m.

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Standing Committee on Public Accounts

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* substitution for Marlin Schmidt
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8 a.m. **Tuesday, November 24, 2020**

[Ms Phillips in the chair]

The Chair: Let's begin our proceedings here today, friends. I'd like to call this meeting of the Public Accounts Committee to order. Let's welcome everyone in attendance.

I'm Shannon Phillips. I'm the MLA for Lethbridge-West. I'm chair of this committee. Ordinarily I would suggest going around the committee for all participants to introduce themselves, but we have people joining us here today in a variety of different ways, so I'll note for the record the following members are present via video conference or teleconference, and folks that are in the room can introduce themselves, and then if anyone is missed or if you come later, the usual practice is that when we have a break in proceedings, just let us know that you are here, and we'll note your presence for the record.

We have joining us on video conference the deputy chair, Richard Gotfried. We have Mr. Reid joining us on video conference, Livingstone-Macleod. We have Mr. Rowswell joining us on video conference. We have Mr. Milliken joining us on video conference and Mr. Toor joining us on video conference.

We have someone on teleconference, but we're not sure who, so if you could introduce yourself, that would be appreciated.

Mr. Getson: Yeah. That's Shane Getson on the teleconference.

The Chair: Okay. Thank you, Mr. Getson. That is a substitution for Mr. Guthrie, just for the record.

Also, via Skype for Business we have Mr. Doug Wylie, who is the Auditor General; Rob Driesen, the Assistant Auditor General; Eric Leonty, the Assistant Auditor General; Karen Zoltenko, the business leader for audit practice; Val Mellesmoen, the executive director of stakeholder engagement; and Brad Ireland, Assistant Auditor General.

We also have some members in the room. Please, we'll go around now, beginning on my right, to introduce ourselves.

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

Ms Renaud: Marie Renaud, St. Albert.

Mr. Bilous: Good morning. Deron Bilous, MLA, Edmonton-Beverly-Clareview, substituting for Marlin Schmidt.

Mr. Dach: Good morning. Lorne Dach, MLA for Edmonton-McClung.

Dr. Massolin: Good morning. Philip Massolin, clerk of committees and research services.

Mr. Roth: Good morning. Aaron Roth, committee clerk.

The Chair: I will just note for the record the following substitutions: Mr. Hanson for Ms Rosin, Mr. Bilous for Mr. Schmidt, Mr. Milliken for Mr. Stephan, Mr. Getson for Mr. Guthrie.

Any of those folks who have not yet joined us, just let us know, and we'll make sure that your presence is noted for the record.

There's a second person on the teleconference. Why don't you just introduce yourself now.

Mr. Hanson: David Hanson here for Miranda Rosin.

The Chair: All right. Thank you, Mr. Hanson, for that.

We also have LAO staff present. Okay. Good.

A few housekeeping items to address before we turn to the business at hand. Attendees at today's meeting are required to leave the appropriate distance between themselves and other meeting participants. We also have an updated committee room protocol. Outside of individuals with an exemption, those attending a committee in person must wear a mask at all times unless they are speaking; however, the microphones do pick us up reasonably well if we're wearing a mask, so if taking it on and off again becomes onerous, you can just leave it on or take it off when you speak.

All members via video conference or teleconference should ensure that their microphones are muted unless they are recognized to speak. The exception there is around points of order. We have an established practice here that if there is a point of order, just bust in because sometimes we don't see it in the Skype for Business chat, so just speak up if that's the case. *Hansard*, obviously, operates your microphones for you. Members are aware of that.

Our proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and video stream and transcripts of the meetings can be accessed via the Leg. Assembly website.

We will now move on to the approval of the agenda, friends. Are there any changes or additions to the agenda? Seeing none, would a member like to move that the agenda for the November 24 meeting of the Standing Committee on Public Accounts be approved as distributed?

Mr. Dach: Dach.

The Chair: Moved by Dach. Is there any discussion on this motion?

Seeing none, I will ask all members to unmute their microphones. All in favour of this motion. Are there any opposed? Seeing none, that motion is carried.

Now we'll move on to approval of the minutes. Hon. members, we have our minutes from the last meeting. Are there any errors or omissions to note? If not, would a member move that the minutes of November 17 of the Standing Committee on Public Accounts be approved as distributed?

Mr. Gotfried: So moved.

The Chair: Thank you, Mr. Gotfried.

Is there any discussion on this motion? All in favour? Are there any opposed? Thank you. That motion is carried.

We will now move on to welcoming our guests from the office of the Auditor General, who are here to address their November 2020 report. I will invite officials from the OAG to provide their opening remarks not exceeding 15 minutes.

Mr. Wylie: Good morning, Chair and members. It's great to be with you this morning to talk about our November report. What I'd like to do this morning is that I'll provide a few brief opening comments, looking at totality of the report, and provide some context and what I view as a couple of the key messages coming out of this report, and then I'm going to share my time with Mr. Leonty and Mr. Driesen, who will spend a little bit of time on discussing some of the findings relating to the ministries that they have oversight for.

Chair and committee members, the November report typically includes, and this one does as well, the results of our financial statement audits, including the consolidated audit of the financial statements of the province. We also audit in excess of 100 other organizations and issue audit opinions on those financial statements as well. You'll see a fair bit of material in here relating to financial audits and controls in some of the key areas of audit focus that we looked at when we conducted those financial statement audits. You will also see a summary in each one of the ministries. The report is organized by ministry and includes a summary of our work that's been conducted in each of those ministries as well as the outstanding recommendations.

The report also has another important element, and that's the one section towards the back, but it's a very important piece. That's the assessment of implementation section, and that is a section where we identify for the Legislative Assembly where we have conducted an assessment of management's implementation to determine whether, in fact, they have implemented the recommendation. This year we're very pleased to report that there are, I believe, 23 recommendations, prior recommendations, that have been implemented. That's excellent news, from our perspective, because when change is effected, that means improvements are being made. I wanted to highlight that.

Overall findings. I'm just going to focus on predominantly the consolidated financial statement. The audited consolidated financial statement for the year ended March 2020 is fairly presented in accordance with generally accepted accounting practices. Now, my team is going to discuss a couple of findings that we had. Those adjustments, though, were made, and I want to make this point. They were made, so the final financial statements released to the Legislative Assembly and to the public, in our view, are fairly presented.

The key message from this report – and it's not just in the financial statement; it's really throughout – is stressing the importance of controls. Whether those be controls or processes that are designed to improve the reliability and relevance of financial information that's being publicly reported to Albertans and other stakeholders or whether those are processes related to the management of key programs and initiatives within the government, processes are important. It's important to have them in place and to identify: what are the key organizational programs and processes? As well, in addition to having them in place, once you've got them, you need to follow them. That's another key message here. It's not just enough to have documented processes, but once they are documented, they need to be live. People need to follow them, and they need to adhere to them because they are there for a reason.

With respect to financial reporting if processes aren't followed, what can happen is that you can have significant errors that can result, which is not good for, you know, public accountability to Albertans or relating to the respective organization and its key stakeholders that it's reporting to. It's a key element, and it's something that's very important.

With that, I'm going to turn my time to Eric and Robert. We'll start with Eric, if I could, please.

8:10

Mr. Leonty: Thank you, and good morning, members. Our work at the Ministry of Energy included examining three important groups of agreements related to crude by rail, the Keystone pipeline, and the Sturgeon refinery. During the course of the work we did identify some significant accounting errors, and, as Doug said, that did tie to a lack of adherence to corporate processes and best practices when preparing financial reporting. These errors are explained starting on page 84.

Beginning with crude by rail, last year the government announced plans to divest all of its crude-by-rail agreements. At the time of the announcement the ministry anticipated that all the agreements would be divested by the end of the fiscal period; however, at March 31, 2020, 11 contracts still remained active with approximately $637 million payments expected in future accounting periods. The department's accounting position was to expense the entire amount in fiscal 2020 even though these active contracts remained, and the department based this approach on the intention to divest of the agreements. We disagreed with this approach as it was not reflective of economic reality, and it would directly contravene accounting standards. Without a proper accounting basis to expense the full amount, the department did revert to the $637 million expense.

The next item relates to Keystone. When agreements between APMC and TC Energy were announced with an effective date of March 31, 2020, we sought evidence to determine what the impact on the financial results for fiscal 2020 were, if any. Both the department and APMC concluded there weren't any accounting implications without preparing an accounting analysis to support their position. Because of this lack of support for the accounting conclusions, we needed to complete additional audit procedures, and based on our detailed work we found that as of March 31, 2020, a $100 million equity contribution was due from APMC. As a result, assets and liabilities were understated by $100 million, and this adjustment was made after we raised this transaction to the attention of the department and APMC.

The last point in this section relates to the Sturgeon refinery processing agreement. A cash-flow model was used to assess whether or not the processing agreement is expected to have a net financial benefit over the life of the agreement. For accounting purposes this calculation, this model, helps management determine whether an expense should be recorded in the event that the net present value is negative. In the language of IFRS accounting this is what is known as an onerous contract, when the expected future costs exceed the expected future benefits. APMC, which holds the processing agreement, has a December year-end, whereas the public accounts have a March 31 year-end. Thus, a stub period exists between January and March for APMC transactions that need to be reflected at the government year-end.

This was the first year APMC recorded an onerous contract expense on its December year-end financial statements, and the provision was for $1.7 billion. Between January and March of this year, of course, with the impacts of COVID and OPEC, we expected that the Sturgeon processing agreement model would be calculated again for March 31 given the significant impacts on underlying assumptions like petroleum pricing, and we believed that a material difference in the net present value was a high risk. However, we didn't see evidence that the department requested or considered that the update of the model should take place based on the updated price forecasts. After we requested that the model be updated, the calculated net financial benefit was $795 million lower, requiring an additional expense of that amount, and that adjustment was made. That covers the accounting errors identified at the Ministry of Energy.

Moving on to page 87 now, just quickly focusing on the Alberta Energy Regulator, I want to acknowledge that we are again qualifying the AER financial statements. Due to how the nature of the relationship and transactions related to ICORE (NFP) are presented and disclosed, this is really a continuation of the issue from 2019. There were no additional transactions, findings, or issues identified relating to ICORE this year; however, the prior numbers still reflect what is in our view an incorrect accounting treatment and characterization of the relationship with ICORE (NFP) that existed. Board management of AER still maintain the view that ICORE (NFP) was a related party and not a controlled organization. We disagreed last year, and we haven't changed our view.

Also, on page 87 we are making a new recommendation to the AER related to cloud computing. AER has recently been transitioning important information and processes into the cloud, and we found that the cloud governance processes aren't keeping pace with the extent of movement to the cloud. This would include things like necessary policies and risk assessments in relation to cloud services. Thus, we are recommending the AER put into place an effective governance structure to oversee cloud initiatives and to ensure retention of evidence that policies are being followed.

The last item I wanted to draw your attention to in the Energy chapter is on page 89. It's a recommendation that we're making to the Canadian Energy Centre. The CEC is a new organization within the government reporting entity, established as a provincial corporation. Early in the organization's creation the board of CEC directed management to set up business processes and to establish policies of its own, guided by government policies and practices. To date to take care of its business activities, the CEC has relied on contractors to complete a lot of its work.

During our examination of contract expenses we found that the CEC's expenses were consistent with its mandate and its business, but we did find that the organization did lack an approved expenditure and procurement policy. It was still in draft at the time of our audit, and we found that some of the procedures in the draft policy were not yet being followed. We also found that there was a lack of documentation to support when sole-source contracts were being entered into, for example the justification for using sole-sourcing to begin with. As a result, we made a recommendation to the CEC to improve its controls and documentation for its contracting, particularly as it relates to sole-source contracts.

Lastly from the Ministry of Energy, I wanted to highlight that the department implemented our recommendation related to royalty reduction reporting and that the AER implemented our recommendations related to complying with tax law and dam safety regulatory activities.

Moving on to Environment and Parks, starting on page 100, we've made a new recommendation to the department to implement a process to review legislative compliance of other grants paid for by the technology innovation and emissions reduction fund, or TIER fund. Legislative changes recently made allow for TIER funds to be transferred to the general revenue fund, including for purposes beyond reducing emissions and climate change adaptation. However, there is a restricting provision in the act that does not allow for general purpose uses to occur for amounts that were paid into the fund prior to January 1, 2021. We understand that that provision is intended to establish a bright-line, that money received by the fund for emissions produced prior to December 31, 2019, the last date of the old legislation, would not be available for general purposes.

Our examination of grant expenses from the TIER fund found that grants called other investment grants – these are made to various departments – could be offside the legislation, as we could not see documentary evidence of how these funds were only used for reducing emissions or adaptation to climate change. Increasing the risk of noncompliance was that departments were not aware that they were receiving money that originated from TIER. We did receive senior management's assertion that all department grants from TIER related to climate change-related initiatives; however, one grant allocation to the CEC for $6 million didn't have the support related to emissions management or adaptation. After we communicated that we believed the evidence was quite persuasive that this transaction was noncompliant, the department reversed the accrued expense to remain onside the legislation.

Just as a final point on Environment and Parks, I would like to acknowledge that the department implemented four recommendations, two related to the regulatory activities related to safety of dams and two related to regulating large industrial facilities related to emissions.

I'll leave it at that with Energy and Environment and Parks and pass it over to Mr. Driesen.

Mr. Driesen: Thanks, Eric, and good morning, everybody. I'll start with the accounting for the AISH program, which starts on page 138 of our report. In November 2019 the Department of Community and Social Services decided to change the monthly benefit payment date for its AISH and income support programs to the first of the month. Previously payments were made a few days before the first of the month. By making this change, the department intended to defer $152 million in program expense costs that would have been recorded in March 2020 to fiscal 2021. This would result in the department recording 11 months of program expenses in the fiscal year for both programs, when 12 months of benefits were provided.

We concluded during our audit of the consolidated financial statements of the province that recording only 11 months of expenses in fiscal 2020 was not in accordance with accounting standards or the substance of the underlying program. The program expenditures were adjusted in the consolidated financial statements to record an additional $152 million of expenses, and note disclosures were also adjusted to show that the department had now overextended its voted budget by $120 million. We do not audit the province's quarterly reporting but point out that the 2019-20 third-quarter forecasted expenditures for the department, which apply the program expense deferral, are now not prepared on the same basis as the adjusted current year and prior fiscal financial statements.

8:20

Along with examining the technical accounting for the payment change, we examined what processes were applied by Community and Social Services . . .

The Chair: Thank you, Mr. Driesen. We have quite a bit of time here this morning, so I'm sure we'll be able to get to it.

That was the opening 15 minutes, so the 10 minutes of opening remarks that's usually for departments and then the five minutes for the AG.

We will now proceed to questions for committee members, for our guests. We will begin with the Official Opposition, with 12 minutes, please. Your time starts when you begin speaking.

Ms Renaud: Thank you, Mr. Wylie. I'll be starting us off on the AISH payment date change. Can you confirm my understanding of what the assistant Auditor General was quoted on CBC, saying, "By making this change, the department intended to defer $152 million in program expense costs that would have been recorded in March 2020 to fiscal 2020-21." Would you say that that quote describes the actions of the government? This seems to be consistent with what you state on page 140 of the November 2020 report.

Mr. Wylie: Thank you very much, Member. What we saw during the audit was an indication that the department had a view that the change in accounting, in their view, was appropriate and that, yes, indeed they were going to – well, they did change that; we saw that in the third-quarter forecast – reflect the March payment in the plan reflected in the '20-21 fiscal year.

Ms Renaud: So am I correct in saying that in simple terms the change to AISH payment date was made to reduce the deficit in the budget?

Mr. Wylie: Well, I don't know about the intention of that. What we understand was that there was an intention to change the date to assist with consistency of payment date with the recipients so that the recipients would know with some core certainty when the payments were going to be made. And then from that, I believe that that proposed change was looked at from the accounting implications, to which then the department had indicated that, in their view, making that payment date change would result in a change in the accounting practice, which is what we disagreed with.

Ms Renaud: Okay. So when the decision was initially made, the minister said that it was done, as you know, to make life better for AISH clients and to give additional certainty on the timing of the payments. Her press secretary added, in the media, in January 2019, that the minister had engaged a wide variety of stakeholders.

Now, the Minister of Finance and President of Treasury Board said the following in question period on March 3, 2020:

> Mr. Speaker, the Auditor General has actually made a recommendation that program payments be made as close as possible to the time when those amounts will be expended. That's why the Minister of Community and Social Services made that adjustment, so it would best serve the recipients of those . . . [programs]. Again, in the Q3 projections of Budget 2020 we're projecting a $1.2 billion better, more positive result than we projected in Budget 2019. We're delivering on our promises.

This seems inconsistent to me with your reasons that you laid out in your report on page 140 of the November 2020 report. I'm just wondering if you could comment on that. When I was in question period and heard that statement from the minister, I was concerned because it didn't really match up, actually, with the timeline that is in your report. I'm just wondering if you could comment on that.

Mr. Wylie: Well, I think it's best that you seek clarification from those who have made those comments. In this case, if it's the Minister of Finance, I'd suggest you seek that clarification.

Rob, I'm not too sure if you can provide some clarity on the reference to our work on the AISH program. Could you supplement?

Mr. Driesen: Yeah, Doug. I believe the recommendation that was mentioned was in relation to the cash management audit that we did a number of years back, looking at how funds are distributed related to certain programs, grant programs, and that. With certain programs, if the money isn't required by the entity immediately, it would be better cash management practice to issue that money closer to when the entity needs that. It wasn't specific to – I do not recall any mention of the AISH program with respect to that cash management program. So that's the context of that recommendation that was made previously.

Ms Renaud: Okay. Thank you for that answer. Actually, I looked at the most recent outstanding recommendations and didn't see anything that fit there.

Before I get into the accounting of this transaction, can you please share with me the type of analysis the Ministry of Community and Social Services should have done on this decision and, critically, why was this analysis not completed?

Mr. Wylie: Well, we mentioned that in part in our report, and I'll ask Mr. Driesen to provide some clarity on that, maybe, for the member. Rob.

Mr. Driesen: Yes. At the bottom of page 139 of our report we talk about how the Department of Community and Social Services has a process when they are making a program change to do an "analysis considering the impact and implications of the proposed change," consultations with those that may be impacted. What we found when we did our analysis of this change was that the department indicated to us that it did not apply that process. The reason it did not apply that process was that they did not see the payment date change as a program change. It was more of an administrative change. So that process that they normally would have applied they didn't apply in this case, and that's why when we asked to see documentation of that process being applied, they didn't have any available.

Ms Renaud: Thank you for that.

You know, just a side note. Had the department taken a moment to actually engage in that conversation, they would have noted that although it may not have been a program change, it certainly impacted thousands of lives.

In December of 2019 Community and Social Services informed the office of the Controller "of the payment date change and deferral of program expenditures," according to the report. On January 20 you state that the CSS "management prepare a memorandum to the Minister on the AISH and Income Support programs." But, critically, you note, "there is no mention of the payment date change as management judges the change is a minor administrative item." Therefore, we are left with the impression that this was not a ministerial decision. However, last week we had Executive Council at Public Accounts, and we asked for information to be tabled with respect to the AISH payment date change. The response we got from the Executive Council official, the deputy secretary of cabinet, was that he would look at the documents but they would be cabinet privileged because, and I quote, that decision would have come to cabinet.

Let me get a few of my questions on the record, and then let me ask the Auditor General to go through them one by one.

My first question: was the Auditor General aware that the AISH payment decision went to cabinet?

My second one. There appears to be a discrepancy between your report and the testimony of Executive Council to Public Accounts as to where the decision was made. Can you please explain that?

Maybe I'll stop and let you answer those before I move on.

Mr. Wylie: Well, I can tell you that I was not aware that it went to cabinet, but I'm going to refer to Mr. Driesen, who had oversight of this specific audit and has more details. Rob.

Mr. Driesen: We did inquire and try to get all of the documentation related to the change. There was, as we indicate here, a memorandum that was prepared for the minister. I am not aware that anything was presented to cabinet.

Ms Renaud: Okay. In the Auditor's experience do minor decisions, management level in a ministry which bypass a minister, ever go to cabinet?

8:30

Mr. Wylie: I think that that is a good question that you may wish to ask management. They obviously would have more insight into the nature of their operations and what decisions are made with respect to what goes to the minister and what goes to cabinet or what does not. You know, I think that's probably the best choice, and I'm sure you'll have the department before you, so you could ask those officials. I'm not trying to sidestep the question; I'm just not familiar with all of the circumstances – and it's probably varied – and some discretion that they may or may not use. But I think it's a good question for them.

Ms Renaud: Okay. On February 12, 2020, at Public Accounts we heard from the Deputy Minister of Treasury Board and Finance that she was not privy to the AISH payment date change details. Given that the controller works for her and given that that was a financial decision that reached the cabinet table, can you shed any light as to whether or not this is factually accurate? In your investigation of this transaction did you speak with the Deputy Minister of Treasury Board and Finance?

Mr. Wylie: Again, I think the first part of your question would be best answered by the deputy minister herself with respect to what she knew, when she knew it, and whatnot. I'm not too sure if we interviewed the deputy in this particular case.

I'll ask Rob to answer the second part of the question.

Mr. Driesen: I'm sorry; could you just repeat the second part of the question? I want to make sure I answer your question properly.

Ms Renaud: Given that the controller works for the Deputy Minister of Treasury Board and Finance and given that was a financial decision that reached the cabinet table, can you shed any light onto whether this is factually correct, what she said? In your investigation of this transaction did you speak with the Deputy Minister of Treasury Board and Finance?

Mr. Driesen: Right. We did as we finished our report, and what we have documented within our public report did discuss this with the Deputy Minister of Treasury Board and Finance along with the Deputy Minister of Community and Social Services. We did review all the facts within our report and ensured that those are factual. We did not interview her specifically with respect to any of the documents that she may have seen or anything like that. There were documents that we did observe, that were related to the preparation of the third-quarter forecast, but I'm not sure – as the Auditor General has indicated, you would probably be best to ask the Deputy Minister of Treasury Board and Finance what of those documents she reviewed.

Ms Renaud: Okay. Just going back to some of the comments made a little earlier, by describing what happened with the payment date changes as an administrative change rather than a program change, which I maintain it was – it was actually a cruel change, at that – are you confirming that less documentation was provided for the rationale? Was more documentation requested? Was that request denied?

Mr. Wylie: I think what we are saying is that we got the information we needed to, you know, answer the questions we were looking at from the nature of our examination. [A timer sounded] If it was determined to be a process change, then our expectation would have been that there would have been more documentation, and, you know, the process that they have in place would have been followed. Seeing as that process was not initiated, we got what we needed from our perspective.

Rob, do you want to supplement?

The Chair: Mr. Wylie, it's possible you didn't hear the little beeper. That time has elapsed. Thank you.

We will now move on to, in the first rotation, the government side for 12 minutes, please.

Mr. Reid: Thank you, Chair. It's MLA Reid. Mr. Wylie, thank you to you and your team for joining us today, and thank you for your work. Much appreciated. I want to go back to comments and statements being made in the House recently about speculation or even confusion over some of the elements you report. In particular, I want to talk about the $1.6 billion with, I believe, a false narrative around it being missing or lost. Are you able to comment on how this narrative might be misleading to Albertans?

Mr. Wylie: Well, as I said in the opening comments, at the end of the day the consolidated financial statements of the province for the year ended March 2020 are fairly presented, in our view, based on our audit work. There were adjustments, and I believe that's the reference that you're referring to. There were adjustments that were required to enable us to get to that opinion, but at the end of the day the financial statements publicly released were fairly presented, in my office's view.

Mr. Reid: Thank you, Mr. Wylie. For clarity, is there any money missing?

Mr. Wylie: No, there is no money missing that I'm aware of. As I say, what we're referring to here is the reporting of the financial transactions within the fiscal year. At the end of the day the consolidated financial statements are fairly reporting the activity that occurred within the fiscal period ending March 2020.

Mr. Reid: Thank you again, Mr. Wylie. I appreciate that. Just for final clarification, do you consider any characterization saying that this $1.6 billion is missing as a misleading statement?

Mr. Wylie: I'm not going to provide commentary on statements that are being made by members within the House. There are House proceeding rules, and within my mandate and capacity I'm going to focus, if I could, Member, with respect to the contents of my report, which I'm responsible for. I'm not trying to evade your question; I'm just indicating that it really is not within my mandate to be making those types of comments or commentary.

Mr. Reid: I appreciate that, Mr. Wylie. Thank you.

As a nonaccountant but as a businessman that has had my financial records looked over by our accountants on a regular basis annually to ensure they're compliant, I'm just looking for some clarification. To my understanding, when an audit of an organization's financial statement is occurring, it's my understanding that the auditors first apply their expertise and diligence to the statements provided. They make notes, they make comments, and they make observations based on sound accounting practices and return the audited statements to the organization for recommended adjustment. Your office followed this same process, I believe, with the 2019-2020 consolidated financial statements of the province of Alberta. Again, to clarify, is making or recommending adjustments a standard practice in the auditing process?

Mr. Wylie: Yes, our process is as you outlined. We meet with management at the beginning of the audit. We would identify the key areas of audit focus that, actually, we highlight for the members in the front end of our report. We refer to those as "key audit matters." Those would be the matters that we would indicate to management or to the oversight group that would be a key focus of our audit. We would do the audit, identifying any findings or observations, report those through to management. Then, depending on the significance of the findings, we may request, you know, an adjustment before we're able to issue a clean audit opinion. Again, that deals with the nature of the significance or materiality of the findings.

Your description of the process is correct, and that is the process that we followed this year. This year's audit, as we identified, did identify some significant findings that we requested management adjust before we signed off on the financial statements.

Mr. Reid: Thank you again, Mr. Wylie. I appreciate that. Related to those adjustments, there have been those that have suggested that adjustments of this size are unprecedented in this case. Have there ever been past years when similar adjustment levels have occurred?

Mr. Wylie: Let me preface my response with a bit of context because I believe it helps. Back to the process that you outlined, when there are accounting changes – let's look at the nature of adjustments and how changes can occur. They can occur by, you know, a breakdown of control, where a control is not followed, which results in an audit error. We can also have adjustments when there's a disagreement between the auditor and the management group with respect to the application of an accounting policy. Now, in the processes that normally would occur, it's important to understand the difference between the two.

When there's an accounting policy change, that usually would happen at the planning stage of the audit, when management would sit down with the auditor, they would discuss, you know, a proposed change in their accounting policy at the beginning of the year, and there would be either agreement or disagreement with the auditor early on in the audit process respecting the accounting for that.

8:40

That has happened in the past as well. We actually have, I would indicate, a good relationship, where the controller's office, when there are accounting policy changes – they come from the standard setter – would look at those changes, the implications. They would discuss those with us. We would reach an agreement or determine where there's disagreement with respect to the application of those in their financial statements. So there's that that happens, and those types of things have happened in the past, for sure.

I believe Mr. Ireland is on the phone. I'll ask him to supplement in a minute.

In addition to those, then, there are adjustments as a result of errors, where processes are not followed, where things may have been missed, et cetera. In this particular audit, what you're seeing, the results are, I guess, the element of two facets of that: one, where there was an accounting policy change; however, in this case the accounting policy change was implemented well into the fiscal year. Then the nature of the other adjustments resulted from errors from the application of processes.

Coming back to your specific question – has it happened in the past? – I believe we did have one.

Brad, are you on the phone? Can you kind of give a context of the nature of adjustments over the past number of years that you're aware of?

Mr. Ireland: Sure. Thank you, Doug. Yeah, the Auditor General is correct. Every year there are adjustments or there are errors or differences identified that don't get adjusted, depending on their significance and their materiality.

Mr. Reid: Mr. Ireland, I hate to interrupt. Thank you for that. You just confirmed the answer to my question, that, you know, we have seen these issues in the past, so thank you for that.

Just moving on, Mr. Wylie, did this year's audit present any unusual challenges relative to past audits, perhaps those done during previous governments' terms? How would you say that COVID affected the process and any necessary adjustments?

Mr. Wylie: Yeah, it certainly was a challenging year. I think it's been a challenging year for everybody. In our report with respect to the specific question on COVID, yes, relating to energy I would suggest that that and other factors that have occurred economically have impacted – you know, the price of oil and other factors have impacted a number of the assumptions and the numbers used. Between the intervening period, what I'm getting at is that, as Eric, Mr. Leonty, mentioned, you know, we had some assumptions and models as at December, but then in between the period between December and March there was significant economic activity that required a retooling or a recasting of the modelling again. That's where you see some of the issues in the energy sector.

Eric, did I summarize that well, or do you want to supplement?

Mr. Leonty: I think that's fair. Maybe one addition would be that certainly the combination of COVID and some of the decisions arising from OPEC members, you know, created significant volatility that would impact the modelling. I would suggest that that was more of a reason to adhere to process and to ensure that the valuations and accounting was correct to March 31. It certainly did add an additional step that would be necessary given that in previous years an update for March 31, using the same example as the Auditor General did – for instance, the Sturgeon processing agreement – wouldn't necessarily need to be updated at March if there wasn't that type of volatility. I think that it's important to note that with the impacts we saw, it made adherence to the processes even that much more important.

Mr. Reid: Thank you both for that.

Just a couple more questions before my time ends here. Mr. Wylie, can you confirm that the government departments and entities that you work with – did they work collaboratively with your office when it came to making these necessary adjustments?

Mr. Wylie: I'm going to actually let Mr. Leonty and Mr. Driesen answer that question directly. They're more on the front line.

Mr. Reid: Thank you.

Mr. Leonty: I can start. Yes, you know, throughout the audit process we had co-operation from department and agency staff, and we got the information that we sought. Ultimately, as has been already commented on and referenced, the adjustments were made. So I would certainly suggest that we received co-operation and worked collaboratively on that to the end. Our emphasis, really, is on the adherence to the processes and the shortcomings that existed there. I hope that what we report will contribute to improvements in the future.

Mr. Reid: Thank you very much.

Just one more question before my time ends here. On page 1 in your report you state that you "issued an unqualified (clean) audit opinion on the 2019-2020 Consolidated Financial Statements of the Province of Alberta". I think it may benefit myself and other members of this committee if you were to explain what a clean audit opinion means.

Mr. Wylie: It means that the financial information contained therein is fairly presented within the context of materiality. In other words, the numbers, disclosures, accounting framework that's used is fairly presented in accordance with generally accepted practices.

Mr. Reid: Thank you very much.

The Chair: Thank you, Mr. Wylie. Thank you very much.

We will now move over to a 10-minute rotation for the Official Opposition. Your time begins when you begin speaking. I'm sorry; it's nine minutes.

Ms Renaud: Thank you. Ultimately, by virtue of your office's intervention, the accounting problem related to AISH payments was corrected. But, three issues, in my view, haven't been corrected. First, of course, was the serious harm that occurred to over 70,000

AISH recipients by virtue of this change. Second, an honest accounting from government as to what happened here. Third, how the decision was made and by whom, and were the proper mechanisms in place to make this decision? If those mechanisms were in place, were they used? I'm wondering if you could speak to those concerns, Mr. Wylie.

Mr. Wylie: I actually will suggest that, again, this is a good line of inquiry. How the decision was made, the seriousness to the recipients: these are, in my view, responsibilities of management, who have oversight for the program. I think it's best if I speak to the contents of my report, based on the work that we have done. As you are aware, this committee has significant latitude in its mandate to inquire of management, and I think this is one of those areas where there's a good opportunity to do so.

Ms Renaud: Okay. I just wanted to clarify quickly on something that we talked about a little earlier. So if this was – if you'd just indulge me for a second – indeed a program change rather than an administrative change, my question is: would you suggest there was a need for more information or at least a rationale for that change for the public, going back to your opening comments about processes and controls being so incredibly important for this work?

Mr. Wylie: Right. Again, if the determination was that their process would have been initiated, then our expectation would have been that it would have been followed in its entirety. It wasn't followed, so we didn't pursue, if you will, the expectations of the criteria of that program being adhered to, in essence. Our focus, then, was: what was the nature of this change? Was it a substantive change to the program? Did it result in specific changes to the program that would manifest itself through to an appropriate change in the accounting to reflect the reality during the reporting period? Given that that was our primary objective – again, this work was done in the context of a financial statement audit – we received the information that we needed to sufficiently conclude on that question. That question really was: do the draft financial statements fairly represent the economic reality or the transactions that have occurred within the period? That, again, comes back to the substance of the program: were there substantive program changes that would result in a change in accounting? Our conclusion was: no; that was not the case.

8:50

Ms Renaud: Okay. If I could just ask really quickly: would you suggest that any information was potentially withheld by government because they did not consider this action a program change as opposed to an administrative change?

Mr. Wylie: Again, from our context, when we looked at it, the scope of our work was within the reporting of the results of the program publicly. You know, as I say, we received the information we needed to conclude on that.

Rob, could you supplement on the program side?

Mr. Driesen: As we conducted our audit, we regularly asked the department for all their documentation related to this and the processes that we applied, and they provided all the documentation that they had related to that, so there was nothing that we were unable to obtain that they indicated that they had for documentation related to this change in the payment date.

Ms Renaud: Thank you very much, Mr. Driesen.

I'm going to turn over my time to Mr. Bilous.

Mr. Bilous: Great. Thank you, Auditor General and your team, for taking the time to join us today. I'll just start off by saying that if I do interrupt you or your colleagues, I mean no disrespect. We just have limited time, and I have many questions.

I'll start by focusing on questions around the Canadian Energy Centre. I'm just hoping to get a better understanding as to what's going on inside the CEC. Your recommendations to the Canadian Energy Centre, as stated on page 6 of your report, focus on implementing a proper process around contract decisions and sole-sourcing. Can I ask: why did you make these recommendations around sole-sourcing?

Mr. Wylie: The nature of the expenditures within the organization were predominantly contract based, so I believe the majority – I'm going on memory here. Of around $2 million in expenditures, about $1.2 or $1.3 million of that was related to contracts. Then within those contracts it was observed that there was significant sole-sourcing activity. So seeing that it was a significant expenditure stream within the organization, our expectation would have been that there would have been good, sound, solid controls to manage contracts, contracting processes to manage those expenditures. Particularly with sole-sourcing, they have unique challenges and risks associated with them, and to protect everyone's interest, it's good to have good, solid processes in place. So that's why we made the recommendation.

Mr. Bilous: Can you explain how the processes around contract decisions and sole-sourcing differ from other government entities?

Mr. Wylie: I'm going to ask Eric to supplement, but I'm not too sure of the nature of the query: how do they differ from others? I don't think that they do other than in the sense of: there's a significant volume of sole-sourcing contracts, and contracts make up a significant portion of the expenses of the organization.

I'm going to ask Eric to supplement on contrasting the nature of expenditures here to a typical government organization.

Mr. Leonty: Yes. Well, thank you. As I referenced in the opening comments, one of the goals of the CEC was to, where possible, mirror what government policies and practices were. In the context of contracting and sole-sourcing tied to our findings, where they fell short was in actually documenting support for when they decided to move forward a sole-sourcing contract. I'm not saying that sole-sourcing is an inappropriate method. It just, as the Auditor General referenced, has its own potential risks and challenges, so documenting things like, you know: is it providing the value for money, and are there unique qualifications of the contractor? That's the reason for ensuring that it's documented, that there are no conflicts of interest. Those types of things we expected to see, and that is an expectation we would have for any department within the government, and that would be reflected within their policies as well.

But there are no other sort of significant differences that would have those contracting processes or underlying policies that they're moving towards look very, very different from, say, core government departments.

Mr. Bilous: Then what you're saying, Mr. Leonty, is that there was no either justification or, you know, risk assessment that was taken. There was no evidence to suggest that these were, in fact, the necessary path forward. So what was missing was any type of evidence that these sole-sourced contracts were necessary.

Mr. Leonty: The way I would answer that is that, certainly, management would have a rationale for that. Coming in as an external auditor, one of the things we need to see, though, is that it's, you know, documented and, ideally, at the time when the decisions are made so that it's not sort of a retroactive explanation. You're correct in that what was real limited was the documentary evidence behind that, but management would certainly have their explanations or justifications for that.

The Chair: Thank you.

We will now move on to the government side for nine minutes, just to be clear. We have I believe it's Mr. Toor leading off.

Mr. Toor: Thank you, Chair, and thank you to the Auditor General and his team for coming and for doing the great work for our province. Let me start with my question. If you look at page 2 of your report, it states, "We found the original recording of only 11 months of AISH and Income Support benefit costs by the Department of Community and Social Services was not in accordance with Public Sector Accounting Standards." My question is: by your measure, did this affect the amount of benefit entitlement provided to the AISH recipients? Was there any change?

Mr. Wylie: Thank you for the question. My understanding, Member, is that there was no change in benefits to the client recipients, and that's one of the things that we would have looked at, to see if there was an actual change to the benefits being provided. Our understanding was that there were no substantive changes to the program that would result in benefit payments to the clients. Hence, the accounting standards would require that the organization, in this case the government, should report the transactions that occurred and the substance of the transactions within the fiscal reporting period, and that's why the accounting standards would indicate that there should have been 12 months' worth of payments made because there were essentially 12 months' worth of benefits that were provided during the fiscal period.

Mr. Toor: So if I am to understand it, nothing was caught? It was just reported in the following fiscal year?

Mr. Wylie: That's correct. They were not recording the month of March in the fiscal year ended March 2020.

Mr. Toor: In some media coverage and the commentary on your report it has been said that you suggested that this was done intentionally and that you ascribe a motive to this claim. Can you clarify if there has been a false representation of what you said in this regard?

Mr. Wylie: I'm not too sure what all has been said with respect to any comments included in our report. I guess I would answer it the same way the other question was posed: you might seek clarity from those who are making the comments. I will stick with and stand behind the comments that we have in this report. These are based on a significant amount of audit work and due diligence by professionals, so I'm very comfortable with what we're stating here, and that is that the draft financial statements that were presented to us were not complete in the sense that they were missing one month's worth of transactions that should have been reported. And then there was also an issue regarding what was included in the third-quarter forecast, that the methodology used to report that obviously differs with the audited financial statements. So there were really two perspectives from a finding view, and that's why we make the recommendation that we do, to try and improve the process to mitigate that happening in the future.

Mr. Toor: Thank you.

Just to clarify, the issue was addressed and rectified by the department when noted by your office?

Mr. Wylie: The adjustment to the consolidated financial statements was. I do not believe – I mean, it's after the fact for the third-quarter forecast. That went out. Those amounts were adjusted there, and what was presented to the public was, you know, different, based on a different methodology that's included in the consolidated financial statements. So the adjustments were made. There is, in our view, some work to be done. That's why we make a recommendation, and that clearly is to get the Department of Finance and Treasury Board involved more when we're dealing with significant public accountability statements, those being either quarterly reports or financial statements of the province.

9:00

As you are aware, Member, there are a great variety of stakeholders that use that information, not only your committee today, the Legislative Assembly, other stakeholders, regulating agencies, et cetera, so it's important to ensure the relevance and reliability of the information coming from the province. That's why we believe that our recommendation is important.

Mr. Toor: Now moving to the Canadian Energy Centre, their mandate is to promote Canada as a supplier of choice for the world's growing demand for responsibly produced energy, especially in Alberta. As part of your audit you looked into whether the CEC's spending was consistent with this mandate, so my question is: can you confirm whether the nature of contract expenses was consistent with their mandate?

Mr. Wylie: Yes, I can. I believe we explicitly state that in our report. I'm going to ask Mr. Leonty to give you a reference, but I do recall reading that myself.

Eric, do you have a page number for the member? I know that we explicitly state that.

Mr. Leonty: Yes, I do. Just very quickly here that's referenced on page 90. We note that as a key finding. The nature of contract expenses was consistent with CEC's mandate.

Mr. Toor: Now referring to page 195 and the assessment done prior to the COVID-19 pandemic, how does the Department of Seniors and Housing address any of the recommendations brought forth by the Auditor General in 2005 and repeated in 2014 in regard to the seniors' lodge program? The question is: how have steps taken by the department improved them with respect to identifying the changing needs for the lodge residents?

Mr. Wylie: Thank you for the question. I'm going to ask Mr. Driesen to respond to your question, Member.

Mr. Toor: Thank you.

Mr. Driesen: Yeah. As we highlight in our report on page 197, there is a process that the department has implemented along with working with the Department of Health with respect to looking at the needs at lodges. That involves looking at doing an assessment of what current needs are of seniors and assessing what the current infrastructure provides and, if there is a gap there, if those gaps are being addressed with making recommendations around future capital plans and projects.

That process is now in place, and we feel that that does an adequate job of addressing those needs of seniors and what they need within the infrastructure in that program.

Mr. Toor: How have the changes improved measurement of program effectiveness and setting disposable-income levels and transfers?

Mr. Driesen: As we point out in our report as well, the department did go through a process of developing, looking at their objectives and then clearly identifying measures and objectives for those objectives. The process of going through and applying a best practice of identifying measures that directly relate to those objectives would help the department in ensuring that what activities they are doing are contributing to what they want to achieve in terms of a desired outcome.

Mr. Toor: Thank you very much.
How much time do I have left, Chair?

The Chair: One minute.

Mr. Toor: Okay. I will pass on my time to Member Rowswell.

Mr. Rowswell: Okay. Yeah. On page 175 of your report we see that AFSC has implemented the recommendations from 2016 to define oversight responsibilities. Now, within that, you know, it says that the board of directors has oversight over their activities and the minister has oversight over the board, and you refer to committees in here. What was the composition of the committees? Is that just people that work for AFSC?

The Chair: The timer has gone, so thank you, Mr. Rowswell. I let you just finish your sentence there. We will get back to it.
Right now we'll go over for our third rotation of nine minutes.
Mr. Rowswell, for your next rotation you won't have to read your question in so that you can use your time, and the AG can just get back to your question, maybe, on AFSC or however you want to use your time. I just wanted to make sure that you could finish your thought there because of the delay in getting it up on screen.
We are now moving over to the nine-minute rotation, our third rotation of the Official Opposition. I have Member Bilous to lead off. Your time starts when you start speaking.

Mr. Bilous: Thank you very much. Jumping back to the Canadian Energy Centre, you state on page 89 of the report that $1.3 million of $2 million in contracts were sole-sourced. That's 65 per cent. Can you confirm or comment: is that typical, that percentage of sole-sourced contracts?

Mr. Wylie: Our audit would not have made an assessment of whether this was typical or not, I think, Member. Sorry. I don't think we can conclude on that, but I'll ask Eric to see if he has any idea.

Mr. Leonty: Yeah. Maybe what I could say is that, I mean, percentage-wise obviously that appears high. But, to the Auditor General's point, we didn't do sort of a benchmark in comparison, you know, understanding that there are various factors at play as far as the stage of the organization, the type of activities that they're involved in. I think, you know, we'd be remiss to sort of conclude whether that was high or not. But it does reinforce the importance of having the underlying process and having those important decisions documented because it is such a significant percentage of the overall expenses.

Mr. Bilous: Sorry to interrupt. Correct. All that I was trying to get at was that in all of your other audits, when you look at contracts in other ministries, 65 per cent, to me, and to Albertans I think, seems high as a percentage that's sole-sourced.

But, to your point as well, this hasn't been documented, so my question is: you stated earlier that there was no documentation or a lack of documentation to justify or to ensure that there was, in fact, value for money or that there were processes in place in order to protect taxpayers' dollars. And you spoke earlier about the risks, so, you know, for me: did you perform any other analysis on the contracts awarded?

Mr. Leonty: As part of the examination of the expenses, I mean, the best place to start is that we're comfortable that there are no, you know, material misstatements and that the expense account is presented fairly. Given the lack of documentation for some of the sole-source contracts, as part of the financial statement audit we would always review to consider and, you know, judgmentally look at each of the transactions to see if there was anything that posed any sort of additional risk that maybe required further examination. But to sort of tie it in a bow, we did everything that was necessary as part of the financial statement audit to conclude on those amounts.
As far as sort of doing a deep dive, you know, a forensic look at every single transaction, well, that's something we don't do as part of the financial statement audit. But we think that with the process improvements, they'll have the necessary documentation to support and confirm that any risks are being appropriately managed for those transactions.

Mr. Bilous: Right. You know, could you provide to the committee any documentation around the sole-sourcing that the CEC provided? Mr. Leonty, you're the only one that can see it, and the public can't. Again, these are tax dollars that are being spent, and I believe that Albertans deserve to have the right to see how money is being spent.

Mr. Leonty: It wouldn't be our place to share any information, any of our sort of auditing working papers or documentation. You know, ultimately, that would have to be a request to the organization itself, just given the confidentiality requirements of our audit work.

Mr. Bilous: Yeah. Fascinating that they're unFOIPable. Wow, that's a coincidence.
Do you have a list of the sole-sourced contracts that the CEC procured?

Mr. Leonty: As part of our working papers and ability to do our audit, we need, you know, a complete listing of the population of all transactions. Contained within our audit file we have all the information we needed in order to do our audit work.

9:10

Mr. Bilous: Can you table that list with this committee?

Mr. Leonty: No, we couldn't. It relates to my answer in the previous question. You know, I mean, any audit working papers that form part of our audit file are not something that we would be permitted to share. That would be a request, I would suggest, of the organization.

Mr. Bilous: Can you confirm if any of the sole-source contracts were awarded for logos from the Canadian Energy Centre? The copyrights conflict has caused huge concerns amongst the public, and at the time it was stated that it was failure on the side of the contractors. It would be helpful for Albertans to understand the process that was followed in procuring the logos.

Mr. Leonty: I can't state more than what's included in our report. You know, we'll reference, again, that our work did examine whether or not the transactions were consistent with the mandate, and they were. As far as any further details on those transactions, you know, once again that would be a question to direct at the organization. We wouldn't be able to share, you know, details about individual transactions.

Mr. Bilous: So then I'd imagine – but I'll ask: can you confirm whether the law firm that was hired to litigate the suit over the company's logos was sole-sourced as well?

Mr. Leonty: I wouldn't be able to confirm that. Once again, I think that would be something that would have to come from the organization itself.

Mr. Bilous: Okay. Now, I'm going to jump gears really quickly over to Keystone XL. You know, again, this is an important issue to our economy and given the fact that the government has committed significant sums of money. To start off with, in your report you mentioned that the government had to adjust for the $100 million by March 31, 2020. Can you confirm that the $100 million, in fact, went out the door and was spent March 31, 2020?

Mr. Leonty: The amount was actually due March 31. The actual cash outflow would have occurred after the year-end. Because of the timing of the agreement, being late in the fiscal period – and we mentioned it in the report – we knew there was a risk of, you know, potentially, transactions that might have already occurred existing at the year-end. But the amount was due March 31, and the payment would have occurred after the year-end.

Mr. Bilous: Can you give us an understanding of how much the government would have to account for today, so how much has the government not just committed but also spent to date?

Mr. Leonty: I don't want to necessarily give a number right now because a person would have to sort of check what the monthly contributions were up to this point, which would be outside of the scope of what we audited. At this point, based on our report, we know $100 million was due March 31, and I believe what's been shared, as far as the agreement, that there are, you know, monthly amounts. But I couldn't give you a total off my head right now. That would be something that could be directed at the ministry.

Mr. Bilous: But you can confirm, Mr. Leonty, that that money has been spent on the Keystone XL up to today? We don't know the total aggregate amount, but the government has spent money on Keystone XL in 2020. Would that be accurate?

Mr. Leonty: That's my understanding. I mean, the $100 million amount was what was due March 31 as far as an equity contribution. As far as what ultimately has all been expended to date, that's a further question that occurs in this current fiscal period that we're in. But what we do know from our audit was that $100 million was due as of March 31, and that adjustment was made and is now reflected in the financial statements.

Mr. Bilous: Right. I just find it curious that in a *Globe and Mail* article and in a press release from the government it was stated that not a penny will go out the door until the pipeline has been approved. So, clearly, these statements made by the government were false and inaccurate.

Mr. Leonty, my next question. If the rest of the money continues to go out in February, March, my question is: would they have to be able to disclose the information in the budget?

Mr. Leonty: As far as any amounts . . .

The Chair: Mr. Leonty, we will move on now to the government side, and I'm sure we'll get back to it.

As I indicated, we have Mr. Rowswell, who had the opportunity to read his question in about AFSC. Mr. Rowswell, the floor is yours.

Mr. Rowswell: Okay. Thank you. I was just wondering about the composition of the oversight committee. Is that just AFSC employees?

Mr. Leonty: Yeah. That would be committees also of the oversight group, so the board, as far as reviewing things like the, you know, enterprise risk management and risk management activities. That would include the subcommittees of the board of AFSC.

Mr. Rowswell: Okay. Thank you.

What criteria did the government have to meet in order to successfully implement your recommendations?

Mr. Leonty: This is still with AFSC?

Mr. Rowswell: Yeah. You bet. Sorry about that.

Mr. Leonty: Yeah, and, sir, can you repeat that question?

Mr. Rowswell: Just wondering: what criteria did the department have to meet in order to successfully implement your recommendations?

Mr. Leonty: We applied the same criteria that we did in the original work in looking at the actions that management had planned to put in place as far as being able to implement the various recommendations. One thing of note was that AFSC wasn't doing this unilaterally. A big part of our original recommendations, as indicated, referenced in the findings, was the communication to the minister and also the department's involvement as far as ensuring that the communication and oversight were there. You know, we're comfortable that the department and AFSC did what they needed to do to implement the recommendations.

Mr. Rowswell: Okay. Can you give an example of some of the improvements that came from the department? Like, would there be a highlight of what top two things they improved the most?

Mr. Leonty: Well, when we did the original work, what we had highlighted was the importance of sound oversight to make sure that all the things that are happening underneath are taking place, and we saw that that happened. I think that's an important point. At the more detailed level as far as the actual loan portfolio, monitoring the performance of that, as well as any sort of other, you know, credit risks and whether some of the type of lending activity still made sense in today's environment, we saw that the processes around that are certainly more robust. They had done some additional work on strategy, considering those different lending streams, how those would be costed. Before, they weren't necessarily individually costed to see the performance of those. We were pleased to see that there were improvements in those areas. To sum up, at the oversight level and some of the reporting and risk management and then at the more program level around the lending itself, we did see improvements there as well.

Mr. Rowswell: Thank you.

Relative to the risk management I'm wondering: have they always had the risk management system in place? You mention in your report the hiring of the chief risk officer. In past audits – like, what prompted that to happen this time, in this audit, to make that move that wasn't caught or dealt with in the past?

Mr. Leonty: I mean, we'd like to think that, you know, our recommendations originally had a hand in helping with those improvements. There were risk management activities that took place during our original audit, but we did note a number of area improvements, which did spawn the recommendations that we made. Something like enterprise risk management is something that was done in the past, but it's been improved. A chief risk officer was a position that hadn't existed in the past, so that was certainly an improvement that we saw. I would say that it's not that there were risk management activities that were absent prior to us doing the original audit a few years ago, but along the way over the last couple of years, as they were implementing our recommendations and doing some of their other, you know, strategic planning and business planning, I imagine, they made some of these ongoing improvements. Hence, they had four for four implementation on the recommendations.

Mr. Rowswell: Yeah. I imagine that helped the oversight committee quite a bit, just having the type of information that came from that.

Mr. Leonty: Correct, and I would say that the underlying lending program improvements start to provide or enhance the type of information that oversight groups would receive.

Mr. Rowswell: Okay. Thank you.

On page 176 of the report it mentions that management provided you with a 2020-2025 business plan, which has been approved by the board and presented to the Minister of Agriculture and Forestry and the Minister of Treasury Board and Finance in December 2019. Is this plan consistent with your 2016 recommendations to develop a funding model and a costing system?

9:20

Mr. Leonty: Yeah. Those two items are certainly related. I think, you know, the business plan is a reflection of the changes and the processes that AFSC are applying. The original recommendation here was really focused on the fact that the different lending streams weren't sort of separately or individually costed, which made it difficult for assessing performance in some ways. The intent of some of those activities was, to my understanding, to reduce their reliance on external funding sources and, as much as possible, funding more from within those lending portfolios themselves.

Mr. Rowswell: Okay. I noticed that the funding that has to be provided for the shortfall in revenue over expenses is decreasing. Has that been a result of, like, just better costing, or are they better able to figure out what they need in order to try to become self-sufficient?

Mr. Leonty: I think that's something that management probably could provide a little bit more, you know, specific data on as far as how much of it contributed. I imagine there's a – when looking at the business plan, there are a number of factors, so it might be difficult to attribute it to, say, just the costing. I'm sure there are others. It would probably be management who would be able to sort of parse that out, but I would suspect that it's a contributing factor to that.

Mr. Rowswell: Good. Thank you.

On page 177 of the report AFSC has implemented a recommendation from 2016, where at the time you found that the department "did not have an independent function to monitor the performance and the quality of the loan portfolio." You've now concluded that they "provide adequate independent monitoring and reporting on the performance and quality of the loan portfolio." What was the criteria for the review of these policies and procedures?

Mr. Leonty: The origination of the independent review of loan portfolios: it's a, you know, best practice amongst financial institutions as far as having a separate independent function within the organization that would take a look at that performance outside of those who maybe directly have their hands in the lending itself. That's the original recommendation, what we were seeking to see: if they had put in a mechanism, which, I think to your wording, would satisfy the underlying criteria that there was that type of function that exists. Especially given just the size of the loan portfolio, AFSC would have a large enough lending portfolio that would certainly support having such a sort of monitoring of the loan portfolio itself. We saw that that was in place.

Mr. Rowswell: Okay. Thank you.

I think I'll cede my time to MLA Reid.

Mr. Reid: Thank you, Mr. Rowswell. Mr. Wylie, just to follow up on my last question, regarding the unqualified or clean audit opinion of the 2019-2020 report, again, just to clarify, a clean report essentially means that by the end of your standard auditing practices, you found that the 2019-2020 consolidated financial statements were presented fairly and in accordance with Canadian public-sector accounting standards. Is this true?

Mr. Wylie: I apologize, Member; I was muted. Yes, it is.

Mr. Reid: No worries. Okay. Thank you.

Just as a . . .

The Chair: Okay. Member Reid, sorry. I don't know if you heard the timer.

We will now move over to the fourth rotation, Official Opposition. Nine minutes. Your time begins when you begin speaking.

Mr. Bilous: Thank you very much. Continuing on with Keystone, from your investigation we learned that the government already had to account for $100 million before March 31, 2020, despite the government claiming otherwise and only announcing the deal on March 31, 2020. Now, as you stated previously, Mr. Leonty, it's likely more than $100 million to date, but you didn't want to inaccurately describe or share the total. Now, maybe that's because you don't have those total sums in front of you, but that's okay. I'm just curious if you can comment on when the deal was finalized and when the government triggered requirements for accounting for this $100 million before March 31, 2020.

Mr. Leonty: Yeah. So maybe to help with your original question, I just want to make sure there's clarity on the difference between what we would say is equity contribution and then, ultimately, what is, you know, expended on the construction itself through the entities that are doing that.

We do have in our report on page 85 – we note that those equity contributions, as I mentioned before, are current monthly up till the end of this calendar year, it being at $1.06 billion U.S. Those are the equity contributions that the ministry or APMC was required to make. Now, that is different, though, than what actually would be ultimately expended from those amounts. As of March 31, 2020, based on our audit examination, there weren't any amounts, you know, sort of further expended, but we do know that $100 million was the equity contribution, if that makes sense. What we're referencing in our report in that billion-dollar U.S. figure relates to the equity contributions up till the end of the calendar year.

As far as the March 31 date that is our understanding of the effective date of the agreement, and as I mentioned before, that's where we knew that there might be a risk that there could already be amounts owing as of that time frame, which indeed ended up being the case. Because of that, we did do additional audit work to satisfy ourselves that, you know, there were no other transactions or issues that needed to be recognized.

Mr. Bilous: Mr. Leonty, the amounts owing: that is the $1.06 billion, correct?

Mr. Leonty: The amount due as of March 31 is the $100 million.

Mr. Bilous: Correct.

Mr. Leonty: The $1 billion U.S.: that's the summation of the equity contributions that are to occur monthly up to the end of this calendar year. But the only amount that was a liability for accounting purposes as of March 31, 2020, is the $100 million that we reference in the report.

Mr. Bilous: Thank you.

Can you confirm that the loan guarantees begin on January 1, 2021?

Mr. Leonty: Yeah. That's in schedule 8 of the government of Alberta financial statements. I think I might be able to quickly get a page reference for you here. Yes. That's within the government's financial statements.

Mr. Bilous: Okay. And they begin on January 1, 2021, regardless of the future of the pipeline.

Mr. Leonty: Those loan guarantees begin January 1, 2021, based on what's contained in the government financial statements and what the underlying agreements contain.

Mr. Bilous: Thank you.

I have one final question, and then I will cede my time to Mr. Dach. Mr. Leonty, in your opening remarks about the energy findings you found instances where the department's actions were – and this is your quote from this morning – "not reflective of . . . reality" and "directly contravene accounting standards." Now, in particular, you found money that had been spent on KXL that had not been disclosed. I'm curious if you can describe to us the legal implications in the private sector if a CPA directly and knowingly contravenes accounting standards. What are the consequences for that in your profession?

Mr. Leonty: I think there are maybe a couple of things. The reference of the underlying economic reality and contravention of accounting standards was in reference to the crude-by-rail accounting and the fact that there were still active agreements and that the accounting position taken was to treat those as if they had already been divested, which, you know, wouldn't be consistent with the economic reality that existed on March 31.

As far as the accounting standards the more specific reference would be that it didn't meet the definition of a liability. So those contracts that were still active, you know, because they hadn't been divested, would not meet the standard of being a liability that you would then book on your financial statements.

As far as the Keystone matter the issue there was that because of the timing of the agreement, March 31, we did expect that there would be an accounting analysis performed, and there hadn't been. That did increase the risk level for us as far as being confident that there weren't any accounting implications, so we did have to perform additional work in order to conclude. You know, we highlighted in the beginning of that energy chapter the importance of adhering to processes, and one of those is performing the accounting analyses at the right time and that they reference the appropriate standards and do that properly. I think that's the thrust of what we're trying to convey in our chapter there.

9:30

Mr. Bilous: Right. Just my final question: what are the consequences for understating liabilities in the private sector?

Mr. Leonty: Well, I don't know if I can comment on all the different scenarios of what that might mean. I mean, you know, it would sort of depend on the circumstances. Ultimately, I would expect that the private sector is like the public sector: you want accurate, complete financial statements that aren't materially misstated. Decisions are made on those statements, and people rely on those statements, so that's part of the importance of having those processes in place. I think that is probably the fairest way to convey that.

Mr. Bilous: So just to clarify: in your words, then, would the financial statements be materially misstated until you and the office of the Auditor General corrected them?

Mr. Leonty: The summation of the adjustments in the Ministry of Energy: well, yes, the total sum of those were material. Now, I will say that the differences moved in some different directions. For instance, the crude-by-rail amount would have been an overstatement of expenses, so the adjustment reduced expenses, whereas with Sturgeon refinery, the processing agreement amount, that was an understatement, and then when they updated the model, they had to adjust the expenses upwards. But, yes, in absolute terms, those are significant material amounts.

Mr. Bilous: Material misstatements. Okay. Thank you for the clarification.

I apologize. I have one more question, then over to Mr. Dach. Please confirm my understanding: nothing happens if the amounts are understated – for example, you know, owing, let's say, $636 million – either for banks, shareholders, the law. There are no consequences for this?

Mr. Leonty: I don't know if maybe the Auditor General would want to add an overarching comment, but I would say that, at least from the perspective of our office and the work we're doing, I mean, obviously, one of the outcomes of our work is recommendations for improvement. Ultimately, you know, the opinion was a clean opinion based on the adjustments that were made, and discussions going forward with this committee, as far as accountability for the processes being in place, form part of that as well.

As far as the individual transactions and, you know, impacts to, say, counterparties, I can't comment on whether there would be impacts. It would depend on the different transactions and agreements, but ultimately all of those adjustments have been made.

Mr. Wylie: If I could just supplement for the member. Yes, obviously, there are significant ramifications, whether it be in the private sector or in the public sector. This is why, to a large extent, we want to make sure that our focus here is on good processes.

The Chair: Thank you, Mr. Wylie. That is your time.
Now we have nine minutes on the government side.

Mr. Barnes: Okay. Thank you, Madam Chair, and my thanks to the Auditor General and your staff for all your excellent work on behalf of Albertans. I want to talk about the Sturgeon refinery upgrader and the processing agreement, another key area where some adjustments were made. In your opening remarks you spoke about an onerous contract being where expected costs exceed expected benefits. "Onerous" doesn't seem like quite a strong enough word for expected costs exceeding expected benefits. Regardless, you had talked about adjustments around that, and you had talked about a $795 million increase to the adjustment. Can you please explain your rationale behind these adjustments as it relates to the Alberta Petroleum Marketing Commission and the Sturgeon refinery, please?

[Mr. Gotfried in the chair]

Mr. Leonty: Yes. I can hopefully help with that. Ever since the processing agreement had been signed, there is a model that's run. It's a cash-flow model, and it calculates a net present value. It uses projected revenues. You have to understand that this goes out a number of years, 30 years plus renewal terms. Obviously, there's a fair bit of uncertainty as you go further out – that's probably an understatement – and there are also the projected costs. So in the calculation of that – that's also used for accounting purposes. When APMC and the government of Alberta need to prepare the financial statements, you know, for March 31, that's used to determine whether or not the net cash flows are positive or negative.

Now, the implications under accounting standards are that if that number is negative, then there needs to be an expense recorded in the financial statements. So the December 31, 2019, APMC financial statements were the first time that an expense was recorded based on that calculation, and that amount was $1.7 billion.

Our issue here, what we identified, was that for the March 31 government of Alberta financial statements, given the significant economic implications and impact on some of the underlying assumptions like prices that occurred because of what transpired with the initiation of what happened with COVID and with OPEC, the expectation was that that model would be updated for March 31. When that model was updated to reflect some more assumptions, that resulted in an additional $795 million in expenses. The "onerous contract" term is an accounting standard term under international financial reporting standards, and it is really simply just that, for the net benefits and costs, if that's negative, there should be an expense recorded.

Mr. Barnes: Great. Thank you for that excellent explanation.
Just to be clear, then, we have a $2.6 billion estimated loss. That is an annual loss. I've seen some expectations that the Sturgeon refinery processing agreement could cost Alberta taxpayers up to $26 billion. In any way does that $2.6 billion try to estimate the total loss, or is just an annual expected loss?

Mr. Leonty: Sir, that would be the total discounted loss, and I do want to emphasize the fact that given the long time frame of the processing agreement, just the level of volatility that can exist with some of those underlying assumptions, and that the calculation is at a point in time, you use the best information available to perform that calculation.

[Ms Phillips in the chair]

The $26 billion figure: I think I know where maybe that comes from, the commitments note, and that references the tolling amounts, so the operating debt and equity tolls. The estimate of that is $26 billion, but that doesn't take into account the revenues from sales of the product produced from the refinery. Based on the March 31, 2020, figure, I would argue, with the best information available at the time, this is a reflection of what is the expectation of its financial performance over the life of the processing agreement.

Mr. Barnes: Okay. Thank you.
Again, just to be clear, there's a difference in timing here between the Alberta Petroleum Marketing Commission's year-end of December 31 and the provincial government's of March 31. It's standard practice to have to do an adjustment for this 90-day period, and that's what highlighted the extra $795 million loss in expected value.

Mr. Leonty: It's not standard practice that there will necessarily have to be an adjustment. Historically, for the January to March time frame, you know, if there isn't an event that would cause a significant change in underlying assumptions, there may not be a need to update as of March 31. Once again, the long time frame of the processing agreement has an impact on that as well. This year was different in that regard because what unfolded in March did have a significant impact on the underlying assumptions, for instance, the various price decks that are used for diesel, heavy oil, the spreads, and that, given that updated information, that model should be updated. We knew, when we were doing our audit work, that there was a risk that there would be a material difference, and when we did request that that model be rerun, it did show that there was this nearly $800 million difference.

Mr. Barnes: Okay. Thank you. I appreciate that.
I want to switch gears a bit. On page 187 of your report it mentions that as of December 2019 there are 14 performance measures "to assess the functioning of the legal aid system" and in the Legal Aid Alberta reports. First of all, my question: what are these measures, and how have they improved or benefited reporting and reporting standards?

9:40

Mr. Leonty: I don't have all the 14 individual measures here at my fingertips, and I think that maybe that would be something that the Department of Justice and Solicitor General may be able to provide. They'd have to see as far as, you know, the agreement as far as what's reported by Legal Aid Alberta. But certainly in comparison to when we did the original audit and in looking at the governance agreement and the type of information that the department would need in order to evaluate whether the legal aid services were achieving objectives and that it was actually focused on all the different areas that they were required by law to support or the ones that they had some discretion under, those were being properly measured, and ultimately at the heart of that is the accountability for the grant funding that is provided and ensuring that the results are being achieved. That's the long answer.

The short answer: I don't have those individual 14 measures, and I would suggest probably to maybe check if it's something that the department may be able to provide.

Mr. Barnes: Okay. Thank you for that answer.
You're talking a bit around page 185 of your report, where it also mentions the recommendation to "determine the type and scope of services a public legal aid system can sustain" and how the implementation of that has improved things. But, please, if you could, again: how has determining the scope improved the

department's ability to address and report effectiveness of the legal aid system? And, if you could, Eric, please focus on the effectiveness.

Mr. Leonty: Yes. Recognizing that there's, you know, scarcity and that we can't possibly fund everything, maybe, that one would want to and recognizing that there are a variety of services that are necessary, there's that layer of services that are required either by statute or constitutionally, so those need to be met. Then there's high-priority or the priority services that the department would like to be able to fund, and then there's making a decision on the nonmandatory that won't be funded. The measurement of the various performance measures would presumably measure the effectiveness of that.

The Chair: Thank you, Mr. Leonty. Thanks for that.

We will now move on to our three-minutes-per-side rotation, whereby members may read additional questions into the record for written follow-up by our guests. I am recognizing Mr. Dach.

Mr. Dach: Thank you, Madam Chair. I'll briefly focus on the Agriculture and Forestry department. On page 50 of the report there are two outstanding recommendations for wildfire management. What impact does the failure to implement these recommendations for two years have on our province's ability to prevent, protect against, and handle wildfires?

As the first recommendation addresses the need to create processes to evaluate and report wildfire prevention programs and it is ready for assessment, I find it interesting that this government chose to make significant cuts to the wildfire prevention scientists and the wildfire rappel team before knowing how to properly assess the impact. A further question: will the new process examine how effective previous programs were so that we can know the effects of the cuts to wildfire scientists and the rappel team?

The second recommendation focuses on implementation of internal reviews and monitoring recommendations. Again, it seems concerning that the government would cut key programs before proper internal reporting was implemented. What progress is being made to implement this recommendation?

To continue, the Minister of Agriculture and Forestry as well as the Minister of Environment and Parks said that the rappel program was outdated and should not need to be part of a modern approach to fighting fires. Reading your report, I don't get the understanding that the rappel program is outdated. Can you confirm my understanding that the rappel program could very well be part of a modern approach to fight fires and provides good value for money?

Also, switching quickly to crude by rail, in your report on page 85 you state that the Premier announced on February 11 of this year that he had divested from these contracts, but on March 31, 2020, 11 of the contracts were still active. Can you tell us if any of the contracts are still active? If so, how many? What is the accounting impact for the next financial year? Is there potentially an impact on the next financial year?

Those are my questions. Maybe other colleagues have questions. But I really wanted to find out about the rappel program and what justifications were shown that good value for money was not had. I believe that the year-end report shows that value for money was obtained and this was a program that provided good value for money and did indeed achieve its objectives of preventing forest fires, saving money and Alberta lives and property.

Thank you.

The Chair: Is that everything, hon. members?

Mr. Dach: That's all for my side, unless there are other members who might have questions.

The Chair: Okay. Now we will move over to the government side for their read-in questions.

Mr. Gotfried: Thank you, Chair. MLA Gotfried here. We would like to use our time, the three minutes, in the interest of time and the fact that we have morning session today and a hard stop at 10 a.m., to make a motion if I could.

The Chair: Okay. Hon. member, what I'll ask you to do is just cede that time and then we will conclude this part of the agenda and then move on to the next part of the agenda.

Understanding that you are ceding that time, I'll thank officials from the office of the Auditor General for attending today. We ask that any outstanding questions be responded to in writing within 30 days and forwarded to Mr. Roth, our committee clerk.

We will now move on to other business, item 5 of our agenda. Are there any other items for discussion under other business?

Mr. Gotfried: Yes, Madam Chair, if I may.

The Chair: Yes.

Mr. Gotfried: All right. Madam Chair and to the members of the committee, we had a discussion with my caucus members, and I know that we provided this to the chair and the clerk. Given that we've had some late nights and there are going to be some late nights ahead of us, we felt that we needed, in respect to the staff and also to the members who are doing Herculean late night duties here, to address that situation for the coming two meetings only, given that we will have a change in standing orders on February 9 of next year. I would like to move that

> the Standing Committee on Public Accounts, for the period of November 30, 2020, to December 31, 2020, cancel its scheduled morning meeting if the Legislative Assembly has not adjourned by 11:59 p.m. the previous day and that the ministry or other entity invited to attend the cancelled meeting be rescheduled at the direction of the committee.

The Chair: We have a motion that has been moved onto the floor, and that motion is up for our consideration. I'm recognizing Mr. Dach.

Mr. Dach: Thank you, Madam Chair. I know that we briefly touched on this in committee previously, and I think it has been expressed by members of the opposition side, myself in particular, that we feel that we are quite capable of arranging, through our whips, our staffing, our members to ensure that even if we do sit past 11:59 p.m. the night previous, we are quite capable of providing individual members from our caucus to sit in the Public Accounts Committee meeting as scheduled the next morning. I think we should continue with that, and I certainly will not be supporting this motion.

I don't want to disrupt the flow of the meetings that we've got scheduled and certainly all the preparation that has been done by the staff members from each of the various departments that are scheduled to be called. We have limited opportunities to visit with these various entities and departments, and they have made significant preparations, so it's, I think, incumbent upon us to respect that work and preparation by continuing to have the meetings and adjust our schedules if need be.

There are certainly enough members in each caucus, particularly on the government side compared to the numbers that we have, to make sure that members are available to come to those meetings first thing in the morning notwithstanding the time that the House adjourns the night before. We're certainly prepared, with our 24 members, to do it. I think that we find that this motion also is contrary to the prerogative of the chair and it's being sort of outside of the subcommittee process, so I believe that we should just keep on with the schedule as we've had it already before and not make the change. I thought that perhaps with the expressions that we had before of our ability as a caucus on the opposition side to accommodate the late nights, we should continue with them as scheduled.

Now, we also know that the Legislative Assembly Office is a hundred per cent ready to go every morning, and that's certainly appreciated. The only issue here is that the UCP doesn't seem to be able, with three times as many members, to adapt and accommodate their own staffing to get to the morning meetings that we're certainly able to attend with 24 members on our side.

9:50

I don't quite understand exactly what the issue is with respect to the UCP not being able to get enough members to come fresh to the meeting in the morning at 8 o'clock. Even if we stay late, they can get enough people who happen to be rested out of their group, and we're certainly willing to do that ourselves. The Legislative Assembly staff are prepared to sit late and rise early, and the UCP should be able to, through their whips, plan to get adequate numbers of their members to staff a meeting here in the morning, given, of course, the large majority that they have.

I'm a little bit surprised, and I can't quite understand what the other reasoning might be for the UCP to continue pushing this matter and wanting to avoid having these meetings. I can only guess their motivation. We're looking at the UCP's sort of work ethic. I hesitate to say that it is because they don't want to get up early, but I think that, I mean, everybody has early mornings after late nights in this line of work. It's a pretty common thing, and it's something that is also a general practice of the whips to constantly be doing. The ebb and flow of meetings is constant here, and that's exactly why the whips are getting grey hair, because they have to deal with getting people on time into meetings that are scheduled regardless of how late things may have gone the night before.

The Chair: Okay. We have another speaker, Mr. Dach.

I believe Mr. Gotfried would like to speak to this motion.

Mr. Gotfried: Just quickly, Chair. I'll remind everyone that we are in the middle of a pandemic, and the health and safety of all of our members and our staff is paramount for us in the UCP caucus. There's always the potential that we'll have some isolation. I know that this is something that we're all facing and addressing as we move forward. I'll remind the member that we as government need to ensure that we have our 24 members plus one handy and available. As quoted by the member opposite, I do not believe that Albertans want sleepyhead MLAs making decisions, nor doing the important work that we do in this committee.

Madam Chair, I'd like us to call the question. Thank you.

The Chair: I'm recognizing one other speaker here in Member Bilous.

Mr. Bilous: Yes. Thank you, Chair. I find the comments of Mr. Gotfried interesting in the fact that the Chamber continues to meet and COVID is not a reason for the Chamber to stop meeting in person, yet that's a reason for Public Accounts not to convene. I think Public Accounts is an absolutely critical committee. This is where departments who have already been prepped for the coming two meetings come before this committee to be asked about last year's spending. This is absolutely critical to not just hold them to account but for Albertans to see, for them to open up their books, and for all members, all 87 of us – forgive me; not 87, subtract cabinet and Executive Council – for private members to be able to ask the departments about their spending, to hold them to account.

This is one of the reasons that the 4.3 million Albertans elected us to this office, and I think it's a mistake to postpone this committee. I appreciate the fact that there may be late nights coming up for members, but I think Albertans would not agree that that's a reason to postpone the Public Accounts Committee. I think the two political parties have sufficient enough MLAs to be able to have them present in the Chamber late in the evening and also to attend Public Accounts.

On the comment regarding the safety of members, I appreciate that. Members do have the opportunity – as today, where we have only a small number of MLAs currently present in the committee room. The majority of the committee representatives are doing it virtually, which is absolutely acceptable, and I think that for these future Public Account meetings, if it is more convenient, members could also meet virtually.

For these reasons, I think it's absolutely paramount to continue with Public Accounts. I think what could happen in the future is maybe a review of the time of the Public Accounts Committee in a discussion as far as what time of day would make the most sense. We know that committees in the past have met concurrently while the Chamber is sitting. Public Accounts has the advantage that we're not sitting concurrently, so there aren't necessarily the same members that have to go in, you know, for the 10 a.m. Tuesday morning shift or that could be in the Chamber Monday night.

But I think, quite frankly, we're setting a dangerous precedent by allowing Public Accounts to be postponed if the Chamber sits well into the night. Again, it's the government that decides when the Chamber rises, and the government has a majority of members, so even if the opposition is opposed to or wants to rise in order to attend Public Accounts, it's not up to the opposition; it's up to the government.

Public Accounts is absolutely critical, and the number one role, I think, of the Speaker and of members is to ensure that we protect the rights of private members, that we do not allow for a tyranny of the majority. Because it's the government that decides what time we rise, a motion like this puts into the government's hands the ability to sit late, to debate bills, but maybe intentionally to sit late so that Public Accounts could be cancelled and ministries don't have to come before this committee.

You know, for me this is about protecting a fundamental democratic right of members to be able to ask questions of the departments. I mean, the government budget is somewhere around $55 billion. Albertans expect that the opposition will have the opportunity to do our role, to do what we were elected to do, to hold the government to account, to ask those critical questions, to ensure that there is oversight in how the government is spending dollars, keeping track of them. As we saw today with the Auditor General, I mean, you know, it's absolutely critical that the Auditor General has access to those books, to be able to open them up, and that all members, including private members of the government, also have the opportunity to hold Executive Council to account.

The Chair: Okay. Thank you, Member Bilous.

I have a list of Member Gotfried and then Member Renaud on the list.

Mr. Gotfried: Madam Chair, in the interest of time I would ask you to call the question, please.

The Chair: Okay. Well, I do have Member Renaud on the list as well.

Ms Renaud: Okay. Thank you, Madam Chair . . .

Mr. Gotfried: Can we seek unanimous consent, then, Madam Chair, to go beyond 10 o'clock?

The Chair: Not according to the standing orders, as I understand Standing Orders 3(1) and 57(1). I just want to clarify: when someone calls for the question, does that then call the question? No.

Okay. We do have a list here, so I have Member Renaud.

Ms Renaud: Thank you, Madam Chair . . .

Mr. Gotfried: Is there not a vote on calling the question, Madam Chair? I request some consideration of that.

The Chair: I'm looking at the table, and it is not a vote.

Ms Renaud: Thank you, Madam Chair, and thank you for the opportunity to add my comments to my colleagues. Now, I do understand that we're in a unique situation. We're in a pandemic. Our schedules are very different in terms of the number of us in the House, and I know it's a scheduling challenge, and it's a little difficult, but I think that we all realize what we sign up for when we do this job, and sometimes there are late nights and early mornings. But I think it's worth it because the work that we do here, the nonpartisan work that we do here, in Public Accounts is essential. It's essential for all of the reasons that the Auditor General has told us over, you know, the last year and a half of this particular government: it's about controls, it's about oversight, and it's about timely questions and answers. I think today was such a good example of that.

While I do recognize that we are in a pandemic – the numbers are very different – I do think it's essential and I do think it's important that both of our parties, both of our party whips and . . .

The Chair: Member Renaud, it is 10 o'clock, so according to Standing Order 3(1) and 57(1) we need to adjourn immediately because we are not permitted to run concurrently with the Chamber.

With that, this meeting is concluded. Thank you.

[The committee adjourned at 10 a.m.]

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