



Legislative Assembly of Alberta

The 30th Legislature
Second Session

Standing Committee
on
Public Accounts

Tuesday, December 14, 2021
8:01 a.m.

Transcript No. 30-2-34

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Standing Committee on Public Accounts

Phillips, Shannon, Lethbridge-West (NDP), Chair
Reid, Roger W., Livingstone-Macleod (UC), Deputy Chair

Armstrong-Homeniuk, Jackie, Fort Saskatchewan-Vegreville (UC)
Lovely, Jacqueline, Camrose (UC)
Pancholi, Rakhi, Edmonton-Whitemud (NDP)
Renaud, Marie F., St. Albert (NDP)
Rowswell, Garth, Vermilion-Lloydminster-Wainwright (UC)
Schmidt, Marlin, Edmonton-Gold Bar (NDP)
Singh, Peter, Calgary-East (UC)
Toor, Devinder, Calgary-Falconridge (UC)
Turton, Searle, Spruce Grove-Stony Plain (UC)
Walker, Jordan, Sherwood Park (UC)

Also in Attendance

Aheer, Leela Sharon, Chestermere-Strathmore (UC)

Office of the Auditor General Participants

W. Doug Wylie	Auditor General
Rob Driesen	Assistant Auditor General
Brad Ireland	Assistant Auditor General
Eric Leonty	Assistant Auditor General

Support Staff

Shannon Dean, QC	Clerk
Teri Cherkewich	Law Clerk
Trafton Koenig	Senior Parliamentary Counsel
Philip Massolin	Clerk Assistant and Director of House Services
Nancy Robert	Clerk of <i>Journals</i> and Committees
Sarah Amato	Research Officer
Melanie Niemi-Bohun	Research Officer
Warren Huffman	Committee Clerk
Jody Rempel	Committee Clerk
Aaron Roth	Committee Clerk
Rhonda Sorensen	Manager of Corporate Communications
Janet Laurie	Supervisor of Corporate Communications
Jeanette Dotimas	Communications Consultant
Michael Nguyen	Communications Consultant
Tracey Sales	Communications Consultant
Janet Schwegel	Director of Parliamentary Programs
Amanda LeBlanc	Deputy Editor of <i>Alberta Hansard</i>

8:01 a.m.

Tuesday, December 14, 2021

[Ms Phillips in the chair]

The Chair: Well, good morning, everyone. Welcome to this morning's meeting of Public Accounts. I hope that all of you did not also get stuck behind someone who is stuck and are also not at this meeting with wet feet. It was an Edmonton time out there.

Let's get this meeting begun here. I'm Shannon Phillips. I'm the MLA for Lethbridge-West and chair of this committee. As we begin this morning, I'll invite first those who are in the room to introduce themselves, and then we'll go online.

Mr. Turton: Oh, sorry. Good morning, everyone. Searle Turton, MLA for Spruce Grove-Stony Plain.

Mr. Rowswell: Garth Rowswell, Vermilion-Lloydminster-Wainwright.

Mr. Walker: Jordan Walker, Sherwood Park.

Mr. Schmidt: Marlin Schmidt, Edmonton-Gold Bar.

Ms Renaud: Marie Renaud, St. Albert.

Ms Pancholi: Good morning. Rakhi Pancholi, Edmonton-Whitemud.

Ms Robert: Good morning. Nancy Robert, clerk of *Journals* and committees.

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

The Chair: Very good.
Online, please.

Mr. Reid: Good morning. Roger Reid, MLA for Livingstone-Macleod and deputy chair.

Mr. Singh: Good morning, everyone. Peter Singh, MLA, Calgary-East.

Mr. Toor: Good morning. Devinder Toor, MLA, Calgary-Falconridge.

Ms Armstrong-Homeniuk: MLA Jackie Armstrong-Homeniuk, Fort Saskatchewan-Vegreville.

Ms Lovely: Good morning, everyone. MLA Jackie Lovely, Camrose constituency.

Mrs. Aheer: Good morning, everyone. Leela Aheer, Chestermere-Strathmore.

The Chair: Very good. I believe that's everyone participating via Microsoft Teams.

Now we will move on to the approval of the agenda. Are there any changes or additions to the agenda?

Seeing none, I'll just ask for someone to move that the agenda for the December 14 – moved by Mr. Turton – meeting of the Standing Committee on Public Accounts be approved as distributed. Any discussion?

Seeing none, all in favour? Any opposed? Members, please unmute if you have unmuted online.

We'll now move on to the approval of minutes. We have minutes from the November 30 meeting two weeks ago. Do members have any errors or omissions to note?

I'll look to the floor for someone to move that the minutes of the November 30 meeting of the Standing Committee on Public Accounts be approved as distributed. Moved by Mr. Rowswell. Any discussion?

Seeing none, all in favour? Any opposed? Thank you. That motion is carried.

We have members from the office of the Auditor General. We have Mr. Wylie and others here to address the November 2021 report of the Auditor General. I will invite Mr. Wylie or others to provide opening remarks. Hon. members, I will just remind you all that Mr. Wylie has 15 minutes because we have combined the time for the AG and the department as per normal and that we are also in an out-of-session meeting, meaning that our rotations are 15 minutes to start today.

With that, Mr. Wylie, please.

Mr. Wylie: Good morning, Chair. Before I start, just to make sure that you can hear me okay.

The Chair: We can.

Mr. Wylie: Okay. Thank you very much.

Well, good morning, Chair and committee members. It's great to be with you on this wonderful December Alberta morning. As the chair indicated, I think the weather has reminded us that we are in Alberta and that it is getting close to Christmas. It's good to see you and be with you this morning. I want to thank you for the opportunity to meet with you and to discuss our November 2021 report with you this morning.

Joining me today are members of my leadership team. They'll each be speaking shortly. Online we have Assistant Auditors General Patty Hayes, Robert Driesen, Brad Ireland, Eric Leonty, and we have Karen Zoltenko, who is our business leader of audit practice as well. I want to spend just a little bit of time introducing Patty again. Patty is new to our office. She joined our office in June of this year, and we were very fortunate to have her join our office. I'm very pleased to welcome her to the team. I'm sure you'll be seeing more of her in the future.

I'm going to provide a brief introduction to our report, and then I'm going to share the rest of my time with the Assistant Auditors General, who will highlight some of the material from the ministries that they have audit oversight for. This report is the fifth public report my office issued over the past year. The report contains the results of our financial statement audits, and that includes the consolidated financial statements of the province for fiscal '20-21 as well as the results of three new performance audits and five assessment of implementation reports that were ready for issue at the time of finalization of this report.

The overarching theme of this report really is reinforcing the importance of accountability. Most of the key findings and recommendations in this report speak to the need for good processes and internal controls that are used to measure, monitor, and report on organizational activities and, most importantly, reporting on the results achieved. Effective internal controls ensure reliable financial reporting, ensure efficient operations and compliance with legislation and policies, and each of those are very important in the public-sector environment. In short, they are necessary to demonstrate accountability. I believe that accountability is a cornerstone of public trust.

In both our financial statement and performance audit work conducted in this report, we identified key findings – sorry. Somebody just turned out the lights here, but I'm going to proceed. Can you still see me okay?

The Chair: Yes. Wave your arms.

Mr. Wylie: Here we go. The lights went out, hey? Okay.

We did identify some key findings that did lead to some recommendations in this report. It was addressed to management on some areas that could use some improvement. You may have noticed that annually in our November report we provided a comprehensive write-up on our outstanding recommendations. For example, on page 12 of this report we have a summary of recommendations. It shows which recommendations are new, implemented, the ones that are still outstanding, and those that are ready for assessment. In total, in this report we highlight that there are 116 outstanding recommendations.

Now, while the implementation of the recommendations is the responsibility of management, the value of our work is not fully realized until our recommendations are acted on. This is why we track and assess the status of all recommendations we make to those that we audit. Our monitoring about standing recommendations helps to ensure they are acted on. We believe it also assists your work as committee members of the Standing Committee on Public . . .

The Chair: Mr. Wylie, you are inadvertently somehow muted.

Mr. Wylie: Okay. Am I unmuted?

The Chair: Yes, you are.

Mr. Wylie: Okay. We are having the gremlins come out this morning for sure. How long was I muted for, Chair?

The Chair: About five seconds.

Mr. Wylie: Oh, so not too long. Okay.

I just wanted to highlight that, you know, in this report a significant aspect of what you'll see here throughout is a summary of our outstanding recommendations, as listed on page 12, and you'll see a focus on identifying outstanding recommendations by ministry. We do that because our work is not completed until our work is acted on.

I also wanted to highlight for you that we do that to assist this committee as well. This committee has an important role to play representing Albertans within our legislative accountability framework. As you know, you know, my mandate stops with the ability to issue recommendations. That is where, in large part, your committee steps in, and that is holding management to account on the implementations of the recommendations that we make. You have an important role to play, and we certainly do want to assist you in that role, Chair and committee members.

With that, I'm going to pause and ask Brad Ireland to provide some introductory comments, and then he'll pass it on to the next AAG.

Brad, over to you, please.

8:10

Mr. Ireland: Good morning, everyone, and thank you, Doug. I will talk about the highlights of our audit of the government of Alberta's consolidated financial statements. Those highlights start on page 18 of our November report and include our audit opinion and the key audit matters. I'll start by saying that we did issue a clean audit opinion on the province's consolidated financial statements, which means we concluded, based on sufficient appropriate audit evidence, that the consolidated financial statements are free of material misstatement and are presented fairly in accordance with Canadian public-sector accounting standards. The key audit matters, which are those matters that would be the most significant items to our

audit, and our conclusion on those key audit matters are listed on page 24 of our report. I will touch briefly on each of those items.

The first key audit matter was the impact of COVID-19 on the province's financial statements. There were significant program delivery and financial support costs related to COVID-19 as well as significant contributions from the government of Canada recorded in the province's financial statements. Our focus was on ensuring that those amounts were properly recorded and disclosed within the financial statements. For expenses we focused on ensuring that ministries administering the programs had proper controls in place to verify that program eligibility criteria were met, that payments were recorded in the proper period, and that expenditures were properly tracked and authorized. For transfers received from the government of Canada, we examined the funding agreements and any stipulations on the use of the funding which would affect when revenue was recognized.

The second key audit matter was the government's implementation of 1GX. Government implemented a new enterprise resource planning system in 2020 for finance, procurement, and human resources. Our audit work focused on the conversion of data from the previous system to the new 1GX system as well as testing the design, implementation, and operating effectiveness of the business processes and internal controls in the new system.

The next item was the investment in the Keystone XL pipeline. There was significant judgment and estimation required to determine the fair value of the government's equity contribution and the loss allowance on the debt guarantee. The total project expense for KXL reported in the government's 2021 financial statements was \$1.3 billion.

We also examined the contracts with the North West Redwater Partnership for the Sturgeon refinery. These contracts became onerous in the prior year, meaning the future unavoidable costs of meeting the obligations under the contract exceeded the expected future economic benefits. A cash-flow valuation model is used to determine if the contract was onerous, and there is significant judgment and estimation involved in that model. The financial statements of the Alberta Petroleum Marketing Commission contain a liability for the contract of \$2.5 billion.

The last key audit matter is environmental liabilities. Environmental liabilities, again, are subject to significant judgment and estimation. We examined how those liabilities are recognized and disclosed within the province's financial statements. The liabilities are primarily from sites used by the Ministry of Transportation in its business as well as the Ministry of Environment and Parks and the Alberta Energy Regulator.

That is a brief summary of the key audit matters. I'll turn things over now to Eric Leonty.

Mr. Leonty: Thank you, and good morning. I'm Eric Leonty, Assistant Auditor General. My portfolio includes the financial and performance audits at Health, Energy, Environment and Parks, Agriculture, Forestry and Rural Economic Development, and Justice and Solicitor General. What I wanted to do was take you through just some of the highlights of the findings and recommendations from our November 2021 report for those ministries.

Starting with Agriculture, Forestry and Rural Economic Development, we did make a couple of new recommendations. The first was for the department to improve its controls around its timber revenue estimate. We identified a significant error, because the modelling did not take into account the high level of price volatility at the year-end. Now, we also made a recommendation to the Agriculture Financial Services Corp. to develop a process to ensure it's complying with its cloud computing policy and to provide regular reporting on cloud computing risks to the board. Also, as

part of this cycle we did follow up on a couple of recommendations related to wildfire management and found that those were implemented.

Moving on to the Ministry of Energy, overall we found that there were a large number of recommendations that were implemented. A lot of them at the Alberta Energy Regulator related to cloud computing, compensation arrangements, and expense claims. Six recommendations were implemented related to pipeline safety and reliability. We also assessed that a recommendation we made last year to the Canadian Energy Centre around contracting controls had also been implemented.

During the course of our financial statement work within the ministry we did receive a complaint regarding the Alberta Utilities Commission's relationship with a numbered not-for-profit company. Our work determined that the transactions were business related and that any potential conflicts were properly disclosed to the Ethics Commissioner. However, we did make a recommendation to the AUC to ensure that oversight and risk management controls and sufficient documentation exist for nonroutine arrangements. The AUC quickly implemented that recommendation prior to the production of this report.

Just a general statement. As far as significant accounting items overall within the Ministry of Energy we did find that the processes to sufficiently analyze some of the very complex transactions and apply the proper accounting treatment were operating well this year at the Ministry of Energy.

Within Environment and Parks during the course of our financial statement audit work we found that Energy Efficiency Alberta, an organization that was dissolved mid-2020 – we found some issues where there was a lack of documented rationale for some quite important decisions, and there wasn't proper attention to important corporate records related to termination compensation. We didn't make a recommendation given that the organization was being dissolved; however, we did share some lessons learned in our report that ministries should consider when an organization is being wound up. Also, within the ministry we made a recommendation for the department to ensure proper recording of tangible assets that may require writedowns or disposal.

At the Ministry of Health there are a number of significant outstanding recommendations that are still listed. For those, if you've seen the listing where management has stated that they're ready for assessment, we are in various stages of planning, examination, and reporting for those recommendations. The big areas there are chronic disease management, seniors' care in long-term care facilities, mental health services, and primary care networks. In the coming months and throughout the next year you'll see some reporting on the results of our assessments of implementation.

Finally, at Justice and Solicitor General we do not make any new recommendations. However, we did repeat our recommendation for the department to develop and publicly report on a business plan for the victims of crime and public safety program.

With that, I'll pass it over to Robert Driesen.

Mr. Driesen: Morning, everybody. Rob Driesen, Assistant Auditor General. I'm going to briefly summarize the performance audit work that we've done at Alberta Innovates and Alberta Enterprise Corp. As you've seen, they are similar audits on processes related to performance reporting. We examined both of these entities at relatively the same time as their individual operations are significant to the overall results reported by the Ministry of Jobs, Economy and Innovation and the long-term desired results of the province. Our audits examined the processes both corporations used to report on the value they generate.

What we found is that while both entities report what results they achieved, they do not have processes to fully analyze and report why those results were achieved. Our audit did not conclude that either organization is not generating value as both organizations are providing results which demonstrate positive value generation. What we concluded is that processes need to improve to clearly demonstrate to Albertans why those results are good or if they need to improve.

Both organizations identified overall desired results, activities to achieve those results, and how to measure those activities during their business planning process. However, targets for all measures were not set. The lack of targets limits each organization's ability to report detailed results analysis. We recommended to each entity to set targets annually for the measures identified in their business plan, perform results analysis comparing actual results to planned results . . .

8:20

The Chair: Thank you, Mr. Driesen. I'm sure we'll get back to it.

First rotation. Official Opposition, you begin with 15 minutes, please.

Ms Pancholi: Thank you, Madam Chair, and good morning, everyone. I'm excited to hear that we've already talked about gremlins this morning because I think *Gremlins* is a totally underrated Christmas movie, and we should talk about it more often.

I'd like to discuss the Auditor General's report, and specifically I note on page 185 to 187 that the report does talk about the travel, meal, and hospitality expenses of the Premier, ministers, and their staff. Now, obviously, we know that the report focuses – it rotates on a rotational basis, but I do want to talk about some of these kind of ministerial expenses or minister office expenses that took place in the fiscal year under consideration for this committee's review today.

As the Auditor is probably aware, Ivan Bernardo was a former principal adviser to the Minister of Health, and he worked in the Health minister's office from September 2019 to December 2020, which is within the fiscal year that's part of our discussion today. In the most recent blue book by the government it was revealed that Alberta Health paid Mr. Bernardo \$28,130.77 in fiscal year 2021-22. Now, in the Legislature the Minister of Health stated that Mr. Bernardo was not paid severance, that he was not paid for additional work after his departure in December 2020. The minister further stated that this \$28,000, roughly, was for expenses. These are the expenses that, of course, the Auditor General audits.

In the minister's office expense disclosures, which are broken down by month, there's now a large expense in March 2021 for meals, accommodation, and travel in the amount of \$29,000. This really jumps out as you look at the previous months, which were much lower, roughly around, you know, \$2,000 in the month before, but all of a sudden in March 2021 it jumps up to almost \$30,000. Presumably this increase in the expenses, as we see booked for around roughly March 2021, must be for the expenses that are now addressed in the blue book for Mr. Bernardo. We'll get a little bit more into this, but the payment was made in 2021-22, which should accrue back to 2020-21, so when the auditor does their audit, I'm asking: did you examine this extremely large payment of \$28,000 for meals, accommodation, and travel?

Mr. Wylie: Okay. That's a very specific question. I'm going to ask Brad Ireland to supplement, but what I would provide is that, you know, this piece of work that we do on a recurring basis is designed to help each ministry with respect to the controls over what, as you identify, are sensitive transactions and transactions of interest.

In your opening comments you mentioned that in the blue book it related to a '21-22 fiscal, so that, obviously – the payment would not have been made, I guess, within the fiscal period March 31, '21, but you're indicating that it should have been accrued, and, you know, that is right. There is the accrual basis of accounting that's employed. I'm going to ask Brad Ireland to see if he knows about the specificities. I'll be honest with you. I'm not too sure if we'll have that information this morning, though, Member, to be able to answer whether we've looked at that specific transaction or not.

You'll notice that we do a rotation of ministries, and under the review this year was Children's Services, Community and Social Services, Indigenous Relations, Labour and Immigration, and Treasury Board and Finance, so if that transaction was under those ministries, then it certainly would have been subjected to our audit process.

Brad, did you want to supplement?

Mr. Ireland: Sure. Yeah. I'll just reiterate what you said, Doug. The audit is rotational. Doug is right. If that payment was made out of the Ministry of Health, that would be subject to our next rotation and then looking at it.

Ms Pancholi: Thank you. If I may, I understand the rotational basis of the review of these expenses, but, you know, in your expert opinion – I mean, there's some sensitivity, of course, around these payments. There's some public interest in it as well, but is it common, in your view, for somebody to have left employment but then expenses to have been paid out roughly almost half a year later? Is that something that you would normally see when expenses are incurred?

Mr. Wylie: I'll ask Brad to see if he has some general observations with this.

Brad.

Mr. Ireland: Yeah. I mean, the general practice is to, if it is a travel meal, hospitality expense, try and submit those expenses as close to, you know, the date of when they were incurred. I'm not sure what the nature of the \$28,000 is. We definitely would have to spend some time looking at that and assessing whether or not those payments comply with the policy.

Ms Pancholi: Thank you. I appreciate that. Given that, you know, that's my understanding as well. Typically when expenses are submitted and if somebody's leaving employment, you usually approve those expenses quite quickly afterwards, and it looks like at a minimum this was at least four months later that these were approved and then paid out.

I think it's also worth noting, of course, that the expenses for – again, we're making a connection that they're probably for Mr. Bernardo because we see this payment go out in the blue book, and if you look at the minister's office expenses, it looks like if these were for Mr. Bernardo and they were roughly close to \$30,000, this far exceeds even what the minister spent in expenses at meals and travel, almost 10 times what the minister would have incurred in terms of expenses in that same period of time, so, you know, would you think that is also unusual, the amount? Especially – let's be clear, too – we're talking about a period of time during the pandemic. So to have a lot of travel expenses and meal expenses and accommodation expenses, does that raise some concerns for you as the Auditor General?

Mr. Wylie: Well, again, to be candid, I don't want to speculate. We focus on facts, and, as Brad indicated, you know, I think that we'd have to look at the particular circumstances surrounding these

payments to determine whether or not the amounts in relation to what the minister has incurred is reasonable. I mean, it all depends, I believe, on what the nature of the expenditure, quite frankly, is for. Honestly, I can't speculate on whether it's reasonable or not without looking at it.

Ms Pancholi: Thank you. I appreciate that.

Does this suggest to you that your office might do a particular audit into this expense? Again, outside the rotational basis, I mean, the Auditor does sometimes look into things that are raising some concerns. Is this something that your office might be looking into?

Mr. Wylie: Well, we appreciate you raising it. You know, every issue raised with our office, we would go back to the audit team, and here you have the Assistant Auditor General responsible for this particular work. I think he's heard you, and presumably this would fall within the normal course of our work. So, yeah, I don't think we'd have to launch a separate audit to address this; this would be something that we would be doing as part of our ongoing recurring work in this area.

Ms Pancholi: Thank you. The last response just made me sort of think: are you suggesting that it would just be part of the rotational audit you do, then? You may not look specifically into this? I mean, I appreciate that, you know, we've put it forward that we believe it should be considered by your office, and you'll make that determination. I just want to clarify. Are you saying that you might look at it outside of the normal rotational basis of every three years each ministry comes up for review of their expenses? Are you willing to look at it outside of that rotational basis potentially?

Mr. Wylie: Well, I think Brad had indicated, I'm assuming, that he has a schedule, and I guess Health is coming up, so it certainly would be within that next rotational cycle. Would we look at it sooner? Possibly. I think what we'll do is – you know, an issue has been raised with us. As we do with all matters, we assess whether the item is within our mandate. Obviously, this is. Then it goes to the audit team who would have a look at these specific transactions. We do some initial review, see what the nature of it is, and based on that, we might expedite some work or do it as part of the rotational audit. Again, it's all depending on the facts of the situation. But, certainly, we've heard you.

Ms Pancholi: I appreciate that, Mr. Wylie.

I just want to ask one more question just to be clear, because for myself it's a bit confusing to me why the payment that we're talking about here, the \$28,000, would show up in the blue book as opposed to just expenses. You know, in the Assembly the Minister of Health indicated that he was fairly clear that this \$28,000 payment was for expenses – it wasn't for severance and it wasn't for additional work performed by Mr. Bernardo – but it shows up on the blue book.

You know, for those Albertans who may not be familiar, the blue book usually shows who is doing business with the government. It's usually about procurement for goods and services and records all payments over \$10,000 on the blue book. Could you as an auditor sort of explain why a payment that's not for services, that's not for severance, as the Minister of Health has stated, would show up in the blue book if it's for expenses?

8:30

Mr. Wylie: Well, again, you know, I don't want to speculate, but let me provide you with some initial thoughts, and that would be that individuals and employees will from time to time submit in an expense claim matters that don't necessarily relate to employee-type costs such as meals, per diems, and these other types of things.

It might be, for example, if you're working on a remote basis, the reimbursement for – I don't know – ink or toner for your printer, that you're doing work while working remotely. Those presumably would be classified as a supplies-and-services expense given the nature of the underlying expense item, which is toner for a printer, for example. Again, without knowing what the nature of the payment is actually for, I could see that the other – there are transactions included in the blue book, again related to reimbursement of expenses, that might not be employee related.

I'm not too sure, either, if this individual is a contract employee and if the nature of the payment somehow relates to that contract or provisions of that contract. Again, I think it depends on, you know, the specifics of what the transaction is, and we'd have to make an assessment after looking at that.

Ms Pancholi: Thank you. I appreciate that, Mr. Wylie.

With my remaining time I'm just going to switch topics a little bit if I can. On page 54 of your report you talk about the recommendations for Alberta Children's Services. I just want some clarification in terms of the process. There are a number of recommendations that are outstanding, that are ready for assessment, particularly related to the delivery of services for Indigenous children, ensuring that they have the same level of supports around enhancing early support services, a child-centred approach, and strengthening intercultural understanding. Just for my understanding, when I see the status of these recommendations, that they're ready for assessment, how does the Auditor General determine that they have met these recommendations? What performance measures or what metrics are used to actually determine, for example, that Indigenous children in Alberta are receiving the same level of supports in the child intervention system? How does the Auditor measure that?

Mr. Wylie: Thank you. We go back to the original criteria in the audit. When we make a recommendation, it's based on criteria. If criteria are not met, then we have findings that we report in our report. Management then develops an implementation plan, shares that with us, what they're going to do to address the recommendation. Essentially, then, when we look at that implementation plan, we make sure that what they're proposing to do lines up with the criteria that relate to the findings that we had. We would then assess their proposed action to see if it addresses the criteria. Then it's essentially up to management to go and do what they've committed to do.

When they say that they are ready for us to come back and have a look, then essentially we say: "Show us. Demonstrate to us how you've achieved the criteria or met the criteria where in the original audit we had identified some weaknesses." It's linked back to the original criteria. It relates to where findings arose in the original audit, and then we're looking for, you know, demonstrated evidence that they have taken action, whether that's process improvements, enhancing existing systems, or putting in new systems or processes. We'd be looking to the evidence to see that they've actually completed what they said they were going to do to address the findings.

Ms Pancholi: Thank you, Mr. Wylie.

Do you have an estimated timeline of when we will get a report back on these specific ones for Alberta Children's Services, when you will report back on that?

Mr. Wylie: I'm going to see if the AAG has a specific timeline on that one.

Ms Pancholi: I'm out of time in my block. If you could just table that or provide that information later. I've only got seven seconds left.

Mr. Wylie: Yeah.

Ms Pancholi: Thank you. I'd appreciate that.

Mr. Wylie: Yeah. We'll follow up and add that info.

The Chair: Okay. Very good. Thank you.

We'll now move over to the government side for 15 minutes, please. I see Member Lovely.

Ms Lovely: Thank you, Madam Chair, and thank you so much. Nice opportunity to join you. You know, I've never met you in person, and we do all these things virtually, so I just wanted to say hello and thank you so much for your work. I appreciate it.

[Mr. Reid in the chair]

I'll get to the questions here. The report provided by the office of the Auditor General notes on page 2 that the government has issued an unqualified audit. Can the Auditor General please explain what this means?

Mr. Wylie: Certainly. Thank you for the question. We issue the opinion. That's our responsibility when we do a financial statement audit. If you're looking at outputs or what the result is from a financial statement audit, that is it. It's the opinion that's attached to the front of the financial statements that we audit.

When we issue an unqualified opinion, that essentially means that it's a clean audit opinion. We have no qualifications. You know, we're not qualifying the opinion to the reader to say: listen, when you're reading this, be cautious; there might be significant errors that we would draw the reader's attention to and whatnot. Essentially, it's a clean audit opinion. It's saying to the readers of the financial statements that these financial statements are fairly presented and represent the underlying transactions and events that have occurred within the last fiscal year that they're reporting.

[Ms Phillips in the chair]

It also signifies that they're following the stated accounting principles or practices upon which the financial statements are prepared. It's really looking at it to see: have they followed that framework that they set out to follow? In the case of government it's the, you know, standards for public-sector accounting. Then, of course, we look at the transactions and would be assessing the reliability of the transactions in the financial statements. It's really a clean audit opinion.

Ms Lovely: Well, thank you so much for your answer, sir.

On page 2 it also notes that the Auditor General spent a significant amount of time looking into the COVID-19 pandemic response, and this is further outlined on pages 24 through 26. Can the Auditor General please explain what precisely the office looked for during this audit and what it found?

Mr. Wylie: Sure. With some of the precision I'll ask Brad to supplement. On page 25 we looked at the transactions relating to receipts of money, as Brad indicated in his opening comments, from the federal government: was it appropriate for the government to record that revenue in this fiscal period when they did? We looked at the nature of testing certain risks associated with COVID, and it had an impact on investment valuation, for example, and a number

of other things. Estimating of taxes was another issue given the impact on the overall economy.

What happens is that a lot of times when estimates are made, models are developed, and what we had then was an anomaly within the fiscal period. Well, you know what? If you used historical data or an average of historical data as a modelling tool, then we would have a particular close look at that because here we have a unique anomaly that potentially would have an impact on that model. We make those kinds of assessments with income taxes, valuation of investments. You know, if new programs and controls were put in place, we would look to the adequacy of the processes that were put in place to manage those transactions and ensure that, again, the financial, what's being reported, is reliable, is recorded within the proper fiscal period, that the transactions are appropriately valued. There are a number of things that we look at. Yeah. That's kind of, I guess, at a high level.

Brad, did you want to supplement on a more specific basis? On page 25 I'd just highlight for the member that we actually do indicate some of the specific things that we did there. Brad.

Mr. Ireland: Yeah. Sure. Maybe just on page 26 I will mention there that we've – this isn't an exhaustive list of all COVID expenses. Some of the ones that we tested there: the small and medium enterprise relaunch grant, the critical worker benefit, some of the transfers from the province to the municipalities, purchases of protective equipment. Those are some of the examples of things that we tested during the audit and made sure that those amounts were properly recognized within the financial statements.

8:40

Ms Lovely: Thank you.

Looking through the Auditor General report, I noticed that a few ministries had no new, implemented, or outstanding recommendations. In fact, the ministries of Culture, Status of Women, Indigenous Relations, Seniors and Housing, Executive Council, and the offices of the Legislative Assembly all have no recommendations from your office. Can the Auditor General please explain how these offices have achieved this standard?

Mr. Wylie: Yes. Well, I guess, in part, recommendations come from our two lines of business. First is the financial statement audit work that we do. In that regard I would suggest that there are sufficient controls and processes in place to manage the financial transactions of the organizations within those ministries and that not only do they have those processes and controls, but they're operating effectively. You know, we have no observations or significant recommendations to bring before the Assembly.

The other area where recommendations come from our office is relating to our performance audit work, and given the nature of some of the ministries' operations, you know, that work might be rotational at a particular ministry. But in these particular cases that you've cited, there are no outstanding recommendations related from performance audits, or in this case it would be as well financial statement audits, audit work that we've done there.

Ms Lovely: All right. Thank you.

Is it out of the ordinary for ministries to have no recommendations?

Mr. Wylie: No. I wouldn't suggest that it's out of the ordinary. I think, you know, recommendations and findings come from – sometimes when an organization is established, it's a new organization. They're putting in place processes; there are some learnings, there are some issues, potentially, with implementation. We have one of those situations, that we cite in this report, where there was a new organization, and there were a number of

challenges in setting up its financial reporting processes, and we have a recommendation there.

In other cases you have organizations that have very mature systems. When you have mature, ongoing, sustainable operations with limited changes to programs, minimal changes of staff, those types of things, then – you know what? – there's some stability built in there. If there are good controls that are operating effectively, generally those would be areas that are less risky from an audit risk perspective, I guess. In those organizations and in those circumstances it's not uncommon not to have recommendations relating to financial statement audits.

It's where there are more changes or new controls and those types of things. That's why, from an audit perspective, we go through and identify what we call key audit matters, areas of focus. In this report there were significant changes with the government, the IGX system. That was a focus. There are changes being made. When something out of the ordinary is happening, those would be areas that the Auditor would look for because that's where risk is enhanced.

Again, not uncommon, though, when things are fairly stable within a reporting organization.

Ms Lovely: Thank you so much.

On page 73 of the Auditor General's report it includes some of the recommendations made to the Ministry of Education. I have a couple of questions about the recommendations on this page. Regarding computer security, did the jurisdiction or jurisdictions that failed to implement the recommendations from 2019 indicate why they had failed to implement critical computer security improvements?

Mr. Wylie: I'm going to ask Rob Driesen to answer your question, please. I don't have the specifics there. Rob.

Mr. Driesen: Yes. Thank you for the question. I don't have the specific details either in terms of, you know, what the organizations or the school jurisdictions might have indicated around why some of the recommendations needed to be repeated from the prior year. Three of them needed to be repeated from 2019. But, you know, the important thing is that they've got a process in place to try and deal with those recommendations. What we've actually found with most school jurisdictions is that the recommendations do tend to be implemented within a reasonable period of time. In terms of those specific school jurisdictions and why in that case they needed to repeat the recommendation, I don't have those details specifically to provide to you.

Ms Lovely: Thank you.

Did your audit find any evidence that lack of computer security measures had led to data breaches?

Mr. Driesen: I'll maybe indicate at first that these audits are done by the local auditors for the school jurisdictions. Our office does not do the audit of any individual school jurisdiction. So this report here just compiles the work that's been done by the individual auditors. Again, just going by memory, there's nothing that I can recall in terms of any information that would indicate any sort of a breach of information by the school jurisdiction. I would hope that there would be processes in place and that if there was any sort of an issue, there would be proper communication to the department of any sort of an incident or anything like that. I'm not aware of anything that has occurred from that perspective, but, you know, that might be a question that the department might be able to provide more additional information on.

Ms Lovely: On the second recommendation, over changing management, your report shows that the number of recommendations related to change management remain stable at two recommendations, with one being held over from 2019. It also shows that the number of jurisdictions with recommendations related to change management decreased from two down to one but that the jurisdiction was held over from 2019. I just want to clarify that we had a jurisdiction not only address an outstanding recommendation but that their change management policies regressed. Can you explain what exactly happened in this case and what your recommendations are specifically?

Mr. Driesen: Again, you know, these are recommendations that are made by the local auditors. We, our office, are not making these recommendations. Again, I wouldn't have the specific details available. You are correct, though, that this indicates that there is one jurisdiction that had a recommendation previously that needed to be repeated, and then they also received a new recommendation in this area. We would again take a look next year to see what the trend would be with this. If there was, for instance, a jurisdiction where the number of recommendations was increasing significantly, then I think we would maybe want to try and get a better understanding of that or, maybe better, look to the department to see what analysis the department is doing to follow up with that jurisdiction on some of the recommendations that have been made.

The specifics of the recommendations that were made to the individual jurisdiction and the differentiation between what was carried forward as a repeat recommendation and a new recommendation: I'm sorry; I just don't have those details.

Ms Lovely: Okay. Are you able to update us on whether the jurisdiction has made any improvements since you issued your report?

Mr. Driesen: With this specific recommendation or area, again, I would say that because the local auditor required the recommendation to be repeated, there may be some improvement that might have been made, but I think they're overall signalling that significant improvements still need to be made to those processes. So while there might be incremental improvement – and, again, I don't know the details to know that or not. It's still, you know – the most important point to be brought forward is that there are still significant improvements that are needed in this area and that this school jurisdiction needs to deal with those on a prompt basis.

Ms Lovely: Well, thank you so much for the answers.

You know, gentlemen, you and your team members work very, very hard. I just wanted to extend an offer to you to visit my community. From this very spot to Camrose it's an hour and a half. We've got the Jeanne & Peter Lougheed Performing Arts Centre, the Bailey Theatre, a great little casino, all kinds of restaurants, the most fabulous little downtown with great lights, a fantastic river there, and a beautiful lake, Mirror Lake. I just wanted to extend an invitation to you. If you want to just head out for a drive, even just to get into the Christmas spirit and look at all the lights, it's the season for that. I just want to thank you so much, all of you, for all of your hard work and extend that very warm invitation to you and your team members.

8:50

Mr. Wylie: Thank you so much.

The Chair: All right. Back to the second rotation. Official Opposition, 10 minutes. I'm seeing Member Renaud would like to move forward.

Ms Renaud: Thank you, Madam Chair, and thank you, all, for being here this morning. I will be asking some questions about the assessment of implementation report related to the victims of crime fund, which is located on pages 209 to 213. I'd just like to summarize a little bit. This is a very short report but very insightful. Just to summarize, there are massive legislative changes to the scope of the victims of crime fund. As you can read, it's the Victims of Crime and Public Safety Act now as a result of the legislative changes. What I did note through the report is that there are far more funds going, actually, to the public safety initiatives than there are to the victims of crime. I think we see financial benefits and assistance to victims' organizations down collectively \$10 million and public safety initiatives up over \$12 million. You know, the reason I'm commenting on this is because repeatedly through this report the auditors have suggested that the real inherent dangers of not having a business plan or specific measurable desired results are very evident and clear. I just wanted to point that out.

This is obviously a tough file, particularly for victims. Following your recommendations, the government made some changes, as you note. One of those changes now requires a victim to come forward within 45 days of a crime in order to get access to emergency supports. Obviously, we anticipated and we heard that this is a problem. For example, after a sexual assault, when someone is in trauma, they might need more than 45 days to report, but because of this government's changes, they are now cut off. As you worked with the ministry on this particular audit, what, in your view, is the problem? Is it a lack of expertise or understanding of the fund? Is it a lack of ministerial follow-through? I'm just at a bit of a loss here.

Thank you.

Mr. Wylie: Well, I'll ask Eric – and there he is – to answer your question, Ms Renaud. Eric?

Mr. Leonty: Yeah. Thank you. As you rightfully pointed out, we did identify that the recommendations – well, one was implemented and one wasn't, specifically related to the business plan. When we made that recommendation during the original audit – I mean, to sort of simplify it, it's that obviously there are needs that are intended to be served. At that time we identified making it clear what the needs of the victims are that have been established, what the forecasted needs are, and laying that out and what results you want to achieve from that. Then obviously there's a closing of the loop that needs to take place, where you would, you know, report on the expenditures you made and whether the various programs and payments you've delivered have achieved what you want.

Yes, during the course of our follow-up and as we were monitoring the implementation of the recommendations, understanding that there are legislative policy changes that are taking place, in our view, the recommendation is still very much relevant, that you would typically want to see that ongoing planning and reporting that's taking place. You know, maybe in reference to something more specific like timelines and that, ultimately, those that are managing the fund need to articulate once again what the objectives are that they're hoping to achieve and in some way be able to measure whether that's happening or, if something isn't working, that they're identifying that through their systems.

We often comment about results management. This is an important part of that, seeing that there's that accountability mechanism. The Auditor General referenced accountability in the beginning. This is a classic case of a recommendation related to that.

Ms Renaud: Thank you. That's actually a great comment, that this is really an example of, you know, a failure to clearly identify what

will be measured and, in terms of goals, how that can create a lot of hardship for people, particularly, in this case, victims of crime. That is an excellent example of failure to have accurate goals in a business plan.

Anyway, since June 2020 we've had two government MLAs doing a review of current victims' services. It's been done in a rather secretive way, nothing reported publicly, vague information on the government website. In this report you state that in relation to the government, MLA-led review – and I quote from page 212 – “the final report and recommendations were submitted to the Minister of Justice and Solicitor General in early 2021.” That was news to us, actually. A few questions here for you. Can you share that report? Are you able to share that report with the committee? What is in the report, even if you can give us a high-level summary? What were the specific recommendations?

Mr. Leonty: Maybe, firstly – I mean, no. That wouldn't be our report to share. I mean, that is ultimately within the ministry's responsibility. The reason why we reference it in here is that as we were doing the follow-up work, one of the reasons the department provided as far as we'll call it the delay in getting the business plan completed and the reporting was that there were reviews taking place and anticipated changes. From our perspective, you know, fair enough; that's their reasoning. But that didn't eliminate the need for the business plan and reporting. Hence, we repeated the recommendation.

I mean, as far as the specifics in that report, ultimately that, you know, presumably ties to any changes or helping in them stating their objectives. From our view, it's that at some point those objectives need to be stated in the business plan, or there needs to be measurable ability to measure and report on the results on whether those objectives have been achieved. That's the context in which we raise that review and the report that went to the department.

Ms Renaud: Thank you.

Just to summarize a little bit, without a business plan, without a timely review – it's been a year – and without clearly stated objectives, would you agree that this work, or lack of work in this case, actually poses a real risk to victims of crime?

Mr. Leonty: Well, I mean, originally, when we made the recommendation – I mean, I think that's pretty close to what we established, that ultimately when it comes to the accountability mechanism, having those, you know, objectives, goals, understanding the needs, the forecasted needs, and communicating those is important. Now, that's not to say that it's necessarily that that work isn't taking place internally within the department, but there's an important step to be able to share that and report back on that as well so that it's able to show Albertans that those are being achieved. One thing to keep in mind is that it's not that there aren't necessarily department staff who are analyzing and looking at these things behind the scenes, but, I mean, the questions you're asking raise – yes. Within the absence of having a plan and reporting against it, it does maybe leave some further questions about whether results are being achieved and what are the sort of needs that are being assessed.

Ms Renaud: Okay. We know that MLAs Pitt and Neudorf are two of the MLAs who consulted and delivered a final report to the minister to improve the victims of crime fund. I have two specific questions since I haven't seen those recommendations, but I have been listening to the advice that people have given. In the current structure some new providers for victims' services – for example, the Chinook Sexual Assault Centre – didn't get funding from the victims of crime fund for court navigation or counselling services,

that I would suggest are essential, but older providers do. Were they grandfathered in, and is there a recommendation to level this playing field as it relates to this particular funding?

Mr. Leonty: I think, once again, I mean, the original premise of the work and the recommendation that we made, broadly speaking, is that the department and those that are managing the fund and overseeing it are clear on which needs they're trying to meet. I mean, obviously, there's a certain amount of funding and expenditures they have, so they have to set that out and decide on what those are and then ultimately report back on that. Our work did involve sort of, you know, maybe questioning those allocation decisions or second-guessing that. Ultimately, they have to articulate that, and presumably you could see a linkage to what the objectives are and then, once again, reporting back on that. So it's at that higher level that this recommendation is directed, to allow those types of accountability questions.

Ms Renaud: Okay. Thank you.

My last question. You say that there are no clear metrics or measurements for the new use of the fund, so can you tell us what the statute says about where the money is supposed to go and what the legislation actually intended for this money and, in your view, whether that legislative intent is being met?

9:00

Mr. Leonty: Our follow-up work didn't include, you know, assessing whether or not the legislative intent was met. I mean, I think that once this recommendation is ready, in that there actually is that type of reporting, it's certainly not a bad idea for the organization or department to articulate how it's meeting the intent of the legislation.

The Chair: Very good.

Over to the government side, then, please.

Ms Armstrong-Homeniuk: Good morning from the home of the world's largest pysanka, right here in Fort Saskatchewan-Vegreville. There's so much snow here that even the dogs and cats are staying home. I was wondering if I could get Santa to bring his sleigh and reindeer or horse and cutter to get me to the office today. I can't believe this snow, but I guess this is welcome to Alberta.

Mr. Wylie, nice to meet you this morning. On page 113 are your recommendations to the Alberta Enterprise Corporation to improve processes to report on value generation. In your report you mention that the AEC does have existing processes to measure, monitor, and report whether its investment activities generate value in accordance with its mandate. How would implementing your recommendations make AEC's processes more effective and understandable to Albertans?

Mr. Wylie: Well, thank you for the question. I'll give Rob an opportunity to supplement, but essentially the focus of this work, as I said in my comments, is dealing with accountability to Albertans. In this particular case what we're focusing on is areas of improvement dealing with the establishment of targets. You know, it's much easier, then, to perform an assessment if one has a target, and that's really kind of what we're driving at. In both cases each organization had identified in their annual report that jobs were created. They list the number of jobs that were created, but what isn't discussed is the context of that fact. With a target it helps to provide that context in the sense of, well, the jobs that were created: is that what you wanted to achieve? Did you create fewer or more of the jobs you wanted to create? That provides for the analysis, then, of what you did achieve, again, in the context of a target.

That analysis is useful for a number of purposes. One, it helps management assess what needs to change, if anything. What can they do more of? If they exceeded their target, what's working, and where can they benefit more in the future? If things are not working in the sense of achieving their targets, what they plan to achieve, what do they need to do to achieve those? It helps management itself in the delivery of the programs, the objectives of the organization.

It also is key to accountability to Albertans and to the Legislative Assembly with respect to the dollars spent. As MLAs the appropriation is made to spend money for specific purposes on programs, many programs throughout government organizations and agencies. It is this accountability back on the appropriations of the Assembly, through the Assembly through to Albertans. What did you achieve? You know, we have this saying here: results at what cost? You may have achieved what you wanted to but also linking in, then, the cost element: at what cost? Did you spend more than you intended to spend? Did you spend less? Are efficiencies available and those types of things?

There are a number of, I would suggest, both operational learnings within the organization as well as that key accountability, which is the overarching theme of this report, accountability back to the Assembly and through the Assembly to Albertans on what was achieved with Alberta's money that was spent through programs and various initiatives.

Rob, you've come on my screen here. Did you want to supplement briefly?

Mr. Driesen: Maybe, because you mentioned AEC, just an example of that. Within the AEC annual report that we looked at for 2020, they've indicated that they created 1,600 direct jobs with the \$175 million that's been invested in terms of venture capital investments, which is great, but what the annual report doesn't do is indicate, you know: what was expected? How many jobs did they intend to create with that spend? What has the trend been in terms of the job creation? What kinds of jobs are being created? They indicate that it's not just jobs; it's high-quality jobs. I think that's the word that they use. That's all important information to really give you context about what they're doing. The 1,600 by itself is just a number. A number is just a number. It is getting that additional detail to really tell you the story of what they've done, and that's, I think, the most important piece of information that Albertans are looking for to understand just what that result means.

Ms Armstrong-Homeniuk: Thank you, gentlemen.

You mentioned in the report, obviously, that the AEC had been improving their processes even before the recommendation was made. Has AEC provided you with any further updates on the status of the recommendation, and if so, did AEC provide your office with the estimated completion date and when they expect to have implemented this recommendation?

Mr. Wylie: Rob, please.

Mr. Driesen: They have prepared an implementation plan, which we are having a look at here currently. You know, based on that plan, I think that they have been working very hard to want to try and implement the recommendation as soon as possible. I don't have an estimated timeline, but they are preparing a plan. I would hope that we'd be able to conclude whether that plan, if executed, would be able to implement the recommendation. Then we would just need to give them time to be able to demonstrate to us that they've implemented all of the parts of that plan that they had set forward, and hopefully we'll report back to you that everything has been implemented and is working effectively.

Ms Armstrong-Homeniuk: Thank you very much.

As you probably know, we have a beautiful Alberta Innovates out in Vegreville, actually, and it's a great supporter of the community. I have some questions on Alberta Innovates. To continue with JEI, obviously, your recommendation to Alberta Innovates is to "improve processes to measure, monitor and report value generated by research and innovation activities." In your report you mention that "Alberta Innovates did have processes to measure, monitor and report whether its research and innovation activities generate value in accordance with government priorities." How would implementing your recommendation improve effectiveness?

Mr. Wylie: Why don't you go ahead, Rob?

Mr. Driesen: Well, I think it would be very much what we just mentioned with respect to the Alberta Enterprise Corporation. You know, specific to Alberta Innovates there are specific goals set by the province that they want to achieve by 2030, and by having good goals being set at the Alberta Innovates level as well that align with that, then you have everybody pulling in the same direction with respect to trying to achieve those long-term goals. Alberta Innovates certainly would have some short-term goals that they would want to try and achieve, and the improvements in the performance reporting would help to demonstrate that. That would also help to demonstrate what they're doing to incrementally try to achieve those 2030 goals and maybe where some of those original expectations need to change. I think that, again, it helps Albertans with being able to understand not just what Alberta Innovates is doing in the short term but what they're contributing to what the province is really trying to achieve on a long-term basis.

Ms Armstrong-Homeniuk: Thank you.

You acknowledge in your report that "measuring research and innovation value generation can be challenging as value generation goes beyond direct economic return compared to the amounts spent." Are you able to provide examples of comparable jurisdictions that meet this challenge better than Alberta?

Mr. Wylie: Rob.

Mr. Driesen: Yeah. I don't think I'd be able to maybe judge whether certain provinces are doing a better job. We did take a look, as part of our audit, at what types of measures are being looked at by the other jurisdictions. I think what we found is that Alberta Innovates is focusing on certain areas that are similar to other jurisdictions, but I think it's very hard to compare and say that, you know, one jurisdiction has better measures or is maybe doing a better job with respect to what they're trying to achieve. The important thing is that there is a clear measure and a target in place and that there's an analysis done at the end of the year to demonstrate what's been achieved or where maybe things have fallen short. I think that if this reporting is put in place and these process improvements are made, that will give you as policy-makers a much better idea of what the organization is doing and maybe where you need to suggest some changes need to be made or where that focus needs to change kind of going forward relative to what other jurisdictions are doing as well.

9:10

Ms Armstrong-Homeniuk: Thank you.

Alberta Innovates began adjusting its processes even before your audit was completed. Can you provide an update on the status of the Alberta Innovates implementation?

The Chair: Thank you.

We'll now move on to the third rotation, the Official Opposition, for 10 minutes, leading off with Member Schmidt.

Mr. Schmidt: Thank you. Page 26 of your report talks about some of the COVID financial support given by the federal government, including a billion dollars to remediate orphan wells, a really big ask of the province. You note in your report that as of March 31, 2021, only about 10 per cent of the money that Alberta was given was spent on this. I'm just curious: did you do any kind of performance audit on this money, or did you just make sure that the money was spent the way that it was supposed to be spent, booked properly? What was the extent of the audit that you did on this billion dollars?

Mr. Wylie: Sure. I'll start, and then I'll ask Eric to supplement and talk about some other work we're doing, maybe introduce that, because I think we're well along in that. What you're referring to in this November report deals specifically with the financial transaction and the reporting and accounting for that within the financial statements, Member. I think that's the first part of the question.

The second part was, you know: did we do some or are we doing some performance work? We are looking at this in more detail, and I'll ask Eric maybe just to briefly summarize that.

Eric.

Mr. Leonty: Sure. Yes. We are conducting a stand-alone performance audit of the site rehabilitation program, and we are at the latter stages of that work. In the first part of 2022 you should expect that that would be something our office would be releasing. We are doing that performance audit. I mean, it's, you know, a significant program, a billion dollars.

Just maybe in reference to the \$128 million we note here, as far as when, you know, a grant expense is recorded – Doug had mentioned accrual accounting earlier on – ultimately there are certain milestones depending on the particular site and where they are at as far as the work completed and what stage it was in the process. This \$128 million would represent the appropriate expense to record given where those various grants were at, the multitude of grants. That's what that reflects, but that's really to the financial statement audit work.

Mr. Schmidt: Thank you. I'm eagerly looking forward to the performance audit report when that is released.

I'm just curious. If one of the things that you'll be looking at is whether or not the timing of the expenditure would have affected the effectiveness of how that money was spent – you know, a billion dollars spent last year would have gone a lot further than a billion dollars spent this year because of inflation and these kinds of things – is that something that is going to be considered in the report, the opportunity cost of waiting, I guess?

Mr. Leonty: What I can say at this point, because we are wrapping up the work, is, I mean, that one of the expectations, you know, we would have coming in looking at a significant grant program is that the department would have a robust enough risk management system that would take into account things like timing, maximizing the benefits of funds that are distributed. Those are elements that one would expect would potentially be considered in a risk management system for a grant program. I could say that, yes, there would be a tie-in to that, but it's not necessarily our role to directly evaluate whether the program did exactly that. Ultimately, the department needs to evaluate whether those things have happened.

Mr. Schmidt: Okay. Thank you.

I want to move on to page 40 now, where you talk about an assessment of Advanced Education and the model for assessing allowances for default on student loans. You highlighted an error in their formula. Management revised the amount, and the government increased its allowance for student loans by \$121 million. I'm just curious: do you know whether or not this broken model was also used to drive the government decision to increase the interest rate on student loans?

Mr. Wylie: Member, I certainly don't know that, and I don't think this piece would have addressed that, but I'm going to ask Rob Driesen to see if he has some more specifics. Rob?

Mr. Driesen: Yeah. No, I'm not aware of whether they've used this information to make that decision. You would have to direct that question to the department.

Mr. Schmidt: Is that something that the Auditor General would potentially look at in a performance audit of the student loan program at some point in the future?

Mr. Driesen: Well, I think that certainly we would look at the processes around specific areas within student loans and how they manage that. Whether it's with respect to specific decisions on what types of rates to charge, again, I don't think we would look at specific decisions and whether those were reasonable. It would be more looking at the process of what they did to consider that or the information that they gathered to make those decisions. We'd certainly consider maybe looking at doing an audit on those processes or looking at those processes, but on the actual decision itself, we would probably not.

Mr. Schmidt: Just for the committee's understanding, does the cost of the student loan allowance drive or have any impact on the decision on what the student loan interest rate should be, or are those two things considered separately?

Mr. Driesen: I would think that the decision on that, you know, may be something that's looked at separately. The allowance really is kind of based on looking at current factors. Certainly, with the loans that have been issued in the past, that's why we indicate that having an analysis delineating the different characteristics of the loans would give good information about where, potentially, there may be issues where students would have difficulty in repaying those loans.

You know, the process that we looked at, where we indicated that with the information that they were looking at to come up with the allowance – certain things recently, for instance, with the economic downturn and COVID, really do have a significant impact on students' ability to repay those loans. By segregating that information out and maybe looking at more current loans, which would have a higher balance, those potentially might be at more risk because those individuals have a lot more to pay and are impacted by those current events whereas some of the older balances, that might not have as much left, might not be as impacted.

I think that there are lots of considerations that they would take. The information that they learn from that could feed into the decisions that they make around, potentially, the interest rates. Again, I'm not aware of the exact process that they go through to determine what that interest rate amount would be on loans that they issue in a year.

Mr. Schmidt: Finally, I want to follow up on a letter that was sent to your office by us, the Official Opposition, related to the delegation

of legal authority by members of Executive Council and the Premier when they were off on vacation during the pandemic. I know that you've received the letter. Has your office yet made a determination as to whether or not you'll do a performance audit on this topic?

Mr. Wylie: No. We have not finalized that, Member.

Mr. Schmidt: Do you have an idea when we will be able to hear back from you?

Mr. Wylie: Well, you know, as soon as we can, we will report back to you. We will respond to you. This particular request we're looking at very seriously. I can tell you that I've had some legal advice and counsel. That is still ongoing, and that's kind of the stage that we're at, Member. We have a process that we follow. I think you're well aware of that. We receive many requests during the year: last year, I believe, 154 in total, some 22 specific requests for audits. They all go through the same process. They're all considered a priority.

9:20

The first thing we do is to determine whether the piece of work is within our mandate, is something that we have jurisdiction for. Once that determination is made, then we come back and look at the specifics of the issue that's being raised, and then we would, you know, look at those specifics and the issues and risks surrounding that to see if it fits within any work that we currently have within our book of work. We have very limited resources, Member, that are dedicated to working on performance audits, so we have to be very, very judicious with what we are identifying as audits and whatnot.

Once we go through that stage, then we make a determination, and then it fits into our body of work. Then it's just a matter of timing when the audit would be done. So, in this particular case, Member . . .

The Chair: Thank you, Mr. Wylie.

We'll now move over to the government side. We are in the third rotation, so you have 10 minutes.

Ms Armstrong-Homeniuk: Good morning again. Alberta Innovates began adjusting its processes even before your audit was completed. Can you provide an update on the status of Alberta Innovates' implementation and when you could expect them to complete these improvements?

Mr. Wylie: Rob.

Mr. Driesen: With respect to Alberta Innovates, every time we issue a recommendation, we give an organization some time to develop an implementation plan. You know, I mentioned before that Alberta Enterprise Corporation has already developed a plan that they're working towards. Alberta Innovates is still working towards that plan, so we look forward to being able to see that very soon. Then, based on that plan, that should outline timelines and what they plan on doing, and I think that after that, we'll have a much better sense of what timelines they're setting for implementing the recommendation and when we might be able to go back in and do some work to assess that they have in fact implemented the recommendation.

Ms Armstrong-Homeniuk: Thank you.

Finally, on page 113 of your report it outlines the recommendation to Invest Alberta Corporation to "improve financial reporting processes." Was this recommendation based on your office finding

evidence that significant transactions had not been disclosed or recorded?

Mr. Wylie: Rob, why don't you go ahead and just jump right into the detail.

Mr. Driesen: Sure. As we point out on page 112 of our report, as we were doing our financial statement work, we did identify a number of transactions which required some adjustment to the financial statements that they had prepared and some of the disclosures. What we found is that the processes that the corporation needs to have in place on an annual basis for financial reporting really do need to improve. There were some considerations around some of the funding that they received from the department and the recognition of that and then looking back at the funding agreement and, you know, the proper period where some of those amounts should be recognized and whether there are any stipulations.

It's going through and looking at and making sure that they have processes to address all of those and making sure that things are being properly recorded and disclosed in the right period. That's where we've made the recommendation to improve those processes, to make sure that their analysis of all these areas within the corporation is complete. By doing so, they'll be able to prepare a very reliable financial reporting package.

Ms Armstrong-Homeniuk: Thank you.

What has been Invest Alberta's response to your recommendations? Do you feel that they take the matter seriously, and are they currently working with your office to implement recommendations?

Mr. Driesen: Yeah. Invest Alberta has also prepared an implementation plan, which we've had a brief look at, so, yes, I do think that they are taking things very seriously. They are looking at how to improve those processes fairly quickly, and I think they would like to try and implement the recommendation as soon as possible. But as we've always cautioned all of our entities, it's making sure that you put those proper processes in place, and you don't want to do that too quickly. It's making sure that you do it right the first time. So we'll certainly be working with them and understanding what they're doing and the process that they go through to make sure that they can implement that recommendation properly the first time.

Ms Armstrong-Homeniuk: Well, thank you very much.

I'm finished with my questions at this time, so I'm going to be ceding my time over to my colleague MLA Singh.

Mr. Singh: Thank you, Madam Chair. Let me first express my holiday greetings to all of you. We have done tremendous work for the year, and I also appreciate the office of the Auditor General being with us every time.

My questions are related to the Community and Social Services department here. The opposition has recently begun bringing up an issue that was dealt with last year, when you came before the PAC, when your office found that originally only 11 months of AISH and income support benefit costs – the Department of Community and Social Services was not in accordance with public-sector accounting standards. Can you reiterate for the committee: by your measure, did this affect the amount of benefit provided to AISH recipients during the 2019-2020 fiscal year?

Mr. Wylie: Rob, could you start us off with that one, please?

Mr. Driesen: What I could say is that the audit work that we've done ensured that the amount of benefit that should be recorded

within the department's accounts was properly recorded, so complete within the fiscal period.

With respect to the benefits that were paid, there are 12 months' worth of benefits that are paid to Albertans under the program, and our understanding is that all 12 payments have been made. So benefits have been provided under the program to Albertans with respect to that.

But on the specific audit work that we do around the recording of the AISH transactions, yes, we did look and make sure that the 12 months have been properly recorded within the department's books for 2021.

Mr. Singh: Thank you for answering.

So, again, nothing was hidden or cut. It was just recorded in the wrong fiscal year, and it was fixed by the department once your office caught it.

Mr. Driesen: There was no similar finding within the audit work that we did for 2021. Like I mentioned, the audit work that we did showed that the department has recorded 12 months' worth of expenditures for the program within the fiscal 2021 financial reporting for the department.

Mr. Singh: Thank you.

Just again here: was there a repeat of this issue with CSS in the 2020-21 fiscal year, or did the department maintain the lessons learned from last year?

Mr. Driesen: There was no repeat in terms of the issue around the accounting error that we experienced in 2020. Yes, I guess you could say that they learned a lesson from 2020, and we did not have a similar finding for 2021.

Mr. Singh: Again, thank you for answering.

By your measure, AISH recipients were provided with the amount of benefit . . .

The Chair: Member Singh, the last part of your question was cut off – your screen froze – so maybe just restate the question.

Mr. Singh: Thank you, Madam Chair.

By your measure, the AISH recipients were provided with the amount of benefit they were meant to receive in the 2020-21 fiscal year?

Mr. Driesen: Yes, I believe so.

Mr. Singh: Thank you very much, Chair.

I will now shift to the Justice and Solicitor General questions here. On pages 115 through 118 it outlines the recommendations from the office to the Ministry of Justice and Solicitor General. Pages 117 and 118 outline some of the Auditor General's recommendations to the ministry that are ready for assessment. Can the Auditor General explain what will be assessed to determine if the changes are satisfactory?

9:30

Mr. Wylie: Yes. Well, we're assessing those right now. What we are assessing, I guess in a similar response that I made earlier to a previous question, is that we'll be assessing whether the original criteria of our audit, which is the benchmark that we use, were met, and that would be reflected through the changes in processes, additions and those types of things, modifications to processes to address our original findings.

I'll ask Eric Leonty to supplement, please.

Mr. Leonty: Yeah. Just to add that, I mean, I know that if you're looking at the office of the public guardian and trustee, those recommendations were originally made in 2013. That was quite some time ago. A few years ago we did do a progress report on those as well, and then, yes, the follow-up work on that is very close to completion. Maybe just one added point. I mean, just the suite of those recommendations, you know, required some significant steps that that organization had to take almost on the level of some organizational change to make sure that those very important areas were dealt with. You'll see that soon.

The Chair: Thank you, Mr. Leonty.

I believe we are now in our fourth and final rotation. Official Opposition, 10 minutes.

Mr. Schmidt: Thank you. I just want to get the Auditor General's views on how the government of Alberta has done its budget in the fiscal 2020-21 year. You know, when the budget was introduced, there were huge contingency funds for COVID, contingency recovery plan, contingency – there were billions of dollars assigned to those line items that totalled about 10 per cent of the government's operating expenses. As you know, this is unusual. Normally the government tables a budget, we go through the estimates, the Legislature approves it, but now, you know, the past year we approved a budget with billions of dollars with no real legislative oversight, and then the government can assign those contingency dollars just to Treasury Board without, really, a whole lot of public scrutiny.

Now, I understand that COVID is an unprecedented emergency, so we need to have some kind of flexibility. But, you know, one of the things that we're really struggling with on this committee is understanding how much money was originally assigned and whether or not it was spent in the right places.

Can you present us with your recommendations, solutions on how we as a committee and as a Legislature can provide better oversight to make sure that these contingency dollars are being spent on the contingencies that they were intended to be spent on?

Mr. Wylie: Well, let me start with a little bit of a broader response if I might, and it comes back to this overarching theme. I'm going to anchor my comments back to this report, Member, if I could, to start, and that is this reinforcing the importance of accountability.

We do have existing processes in place to help with that and to help Legislatures and to help committees such as yourselves do that analysis. As I said in my introductory comments, your committee has a very important role to play there. I see that. I see that happening week over week when you're asking ministries, with respect to their spend, what results were achieved, where the money was spent. You ask for clarification on potentially looking for more details if you don't see something in the ministry annual reports. I guess that at the highest level, at the end of the day, you know, this committee can really help in the analysis of the ministry annual reports and in the analysis of the government annual report.

To your point, at the end of the day, there is an accounting for the appropriations made by the Assembly or the budgets approved by individual boards. Whatever the point is, whenever there's an authorization in the public sector for a spend, there is a requirement to report back on that spend. There's a high correlation and a fair bit of focus you'll see in the public sector on the budget versus actual, maybe in comparison a little bit to what you see in the private sector. To me, I think that would be a good area of focus for this committee, the analysis of budget to actual spend but then also linking that spend to the results.

It goes back to that comment I was making earlier: results at what cost? Sometimes what exists is that there's a disconnect with the spend. You see the spend and the financial statement element only, and then we talk about the results in a different section and sometimes maybe disconnected from the dollars associated with that.

To me, it comes back to that I think you can help with looking at the ministry annual reports as well as looking at and helping us with respect to the recommendations we make when we are dealing with issues such as accountability, such as, you know, the recommendations where improvements can be made with Alberta Enterprise Corporation, Alberta Innovates, and others. That's what the heart of this is. At the end of the day, no matter how the spend comes about, you have to have an accounting for that. You should be lining it up to the budget and then asking the questions, I think, within that context.

In the public sector, as you very well know, you know, we don't have the financial indicators and metrics that you essentially have in the private sector because the focus is on the bottom line, maximization of shareholder wealth. Those metrics, to a certain extent, are useful in the public sector. But, broadly speaking, no. We're dealing with programs that are delivering services to Albertans. That's why we have the importance of the non financial performance measures and reporting in our ministry annual reports and in the government annual report. I think we have a mechanism, and I think you're doing some of that work – I shouldn't say: doing some of that; you are doing that work as a committee – and I think continued focus there would really be improved.

If I could, Member, I just want to draw your attention to – and I don't have the exact reference in this report, but we still have an outstanding recommendation relating to improvements in the reporting in ministry annual reports. One of my observations of the committee's work over the past while is that there's been a fair bit of discussion on the performance measures, what they mean, and some of the qualitative analysis of those performance measures. That really is part of what we still have in existence in an outstanding recommendation. You know, I would suggest that some of our outstanding recommendations the committee may wish to have a particular close look at and pay attention to if that's an area of focus: looking at performance reporting, how that could be improved, reporting back against the actual spend against what budget and what was achieved.

I'll stop there, Member.

Mr. Schmidt: Thank you for your comments on that, Mr. Wylie.

I want to shift focus now to questions around environmental liabilities, which are discussed throughout the report. On page 34 you talk about the Canadian public-sector accounting standards, how management is required to estimate the costs to remediate and reclaim sites. You have a new recommendation to the Alberta Energy Regulator on page 81 recommending the government complete a case-by-case assessment of all sites. Can you walk us through, from the accounting perspective, after government has an estimated cost, how long they have to remediate? You know, the analogue that I'm thinking of is when it comes to building a road. It gets built, and then you depreciate that over time. Does government have a responsibility to look at and change the values of environmental liabilities over time, or do those assets depreciate – I guess they're not assets. Do those liabilities shrink or grow over time?

Mr. Wylie: Okay. Well, I'll start, and then I'll ask maybe Brad and Eric to jump in on some of the specifics. The reason I'm doing that, Member, is that our findings really relate to Environment and Parks and Transportation. The focus here, this piece of work, was on what's recorded in the financial statements. You know, the

accounting standards require that an estimate be made of the liability of the reporting organization. In this case we're talking about government itself, so what sites the government itself is responsible for, so Transportation and Environment and Parks.

Now, you know, do things change? Yes, things change. Some of these environmental liabilities and sites that we're talking about: in order to record something in the financial statements, you must be able to provide a good estimate so that you know what the environmental damage is, so that you're able to estimate the environmental damage, and so that you're also able to come up with a reasonable cost of what that reclamation cost would be. Over time, as more information does become available, that number can change.

9:40

We've seen a change from last year to this year relating to Transportation. They booked more of a cost in this year's financial statements than they did last year, and that related to some more information that came about from their site evaluation. So, yes, the numbers can change.

I'll ask Brad to maybe start to supplement what I've suggested to answer the member's question.

Mr. Ireland: Sure, Doug. Thanks. Yeah. I mean, they're required to come up with an estimate, and, you know, they do go through a process to prioritize that work. They're not working particularly on all sites all the time. There's no requirement in the accounting standards to have that remediation done within a period of time. Again, if you estimate a liability for that site and you don't do any work, for example, for five years, you do another assessment. The liability could grow. Then there are also other sites, in contrast, where they're actually doing work to fix that and clean up those liabilities, which would make those liabilities decrease. That's what I would add to what you said, Doug.

Mr. Wylie: Does that help, Member?

Mr. Schmidt: Thank you.

The Chair: Thank you very much, friends.

Now over to the government side, please. I'm looking at Member Rowswell.

Mr. Rowswell: Thank you very much. I wanted to deal with pages 47 through 52 relative to agriculture and forestry and relative to wildfire management and the recommendations that were made there. You had two recommendations that were made by the Auditor General, and they're outlined on page 51. Reading on page 195 relative to the results, it looks like, you know, people followed through and did what they were supposed to do. I'm just wondering if you could explain the metrics and the criteria used to determine whether these recommendations were implemented effectively. How did you judge that?

Mr. Wylie: Sure. While being consistent, that would be against the original criteria of the audit. Eric will probably be able to recite some of those.

Maybe, Eric, if you could supplement.

Mr. Leonty: Sure. Yeah. The recommendations we made a couple of years ago related to the prevention part of wildfire management, sort of the front end, and then the back end around review and improvement. Maybe, you know, just very quickly on the prevention side of things. At the time one of the things we looked for – and we knew that there was a lot, obviously, of activity, and there were plans for different areas of the province on some of the wildfire prevention activities, so quite simply we were discreetly looking

for: was there any sort of reporting back on that? How did the wildfire season go? What was some of the monitoring that took place and more formal sort of reporting back internally as far as how those things were functioning? Since that time, when we did our follow-up work, we saw more rigorous processes as far as closing the loop on sort of those area prevention plans. That was a pretty big step on that side.

The other thing that we found was that the standard operating procedures – they're hard coded in that there should be a continuous, you know, review and improvement process that helps to update those and some of those business rules on an ongoing basis. We didn't see the support of all those activities happening in the past, and we saw that during the course of our follow-up, so that was an important step.

Maybe, just lastly, why we focused on prevention and the review and improvement side of things was that, you know, after each sort of major wildfire event or wildfire season, the department has a mechanism where they get reviews done to review how that season went or how that response went. Each of those reviews resulted in recommendations. From a process perspective, we wanted to see: well, you have this whole group of recommendations; are there targets to implement those and then ultimately demonstrate that you've done them? That was sort of the last key thing that we saw is now taking place. In all those different reviews that take place after wildfires, there's now a mechanism to make sure that those recommendations are being tracked and to demonstrate that they're being acted upon. You know, in the two and a half years since we made the recommendations, we saw that the department was quite active in making sure that these were implemented.

Mr. Rowswell: Yeah. It's interesting. You'd think that would be common sense, that you would want to do this reporting and recording results and stuff like that. Is it a process where it kind of – you know, people are doing that, and then it lapses and you have to make a recommendation again to get them back on track? Or is this – it's odd that this seems like a new recommendation, or was two and a half years ago.

Mr. Leonty: I think at the time, like, the original report that we issued – and we had noted that there were a number of strong practices in this area, so I would say, on the balance, you know, that this wasn't a situation where there were some extreme critical failures or anything like that. But these recommendations that we made were sort of – in our view, and the department had agreed – important mechanisms that they should have. As you say, I mean, some sort of, you know, regular day-to-day types of things you would expect to see.

One of the things we do when we follow up – I mean, it's a little bit on the judgment side of things – is getting a sense of whether there's sustainability built into it, that some improvements aren't just sort of a temporary one-off. If there's any indication that that's the case, I mean, often it'll result in us either leaving the recommendation outstanding or repeating it. Then we have an ongoing relationship with the departments and agencies where if there are any indicators that, you know, risk suggests that maybe some important processes are falling by the wayside, there is the opportunity for us to potentially re-engage in an area, but ideally having some sense of the sustainability of processes put in. If they have to move mountains as far as sustaining it for one year, that they can't sustain, we would ask critical questions about that.

Mr. Rowswell: Great. Thank you very much.

Just pivoting slightly. Pages 51 and 52 list two recommendations that were made to the minister in November of this year relative to

timber revenue and the cloud management computing system used by AFSC. Can the Auditor provide details on what occurred to prompt the office to make these recommendations to the ministry?

Mr. Leonty: To start with the timber revenue, you know, at the highest level the model that the department was using was sort of a historical look back and using averages. That had worked in a more stable environment, but obviously with what had happened with timber prices and there was extreme volatility, that quickly exposed the weakness in that particular model. Even just taking a step back and looking at the revenue numbers, to begin with, a quick reasonability check would kind of surface that something doesn't quite seem right with that revenue number. That then prompted us to – because of the magnitude of the errors, over \$90 million, that was adjusted. It was corrected. That warranted a recommendation that they would improve the controls over that particular process. We know that they're working on that already. Actually, my understanding is that for the next financial reporting cycle they believe they'll be ready for us to assess that.

The second one, directed at Agriculture Financial Services Corp. I mean, over the last few years in agencies and departments alike there's been a growing move that key applications are going to the cloud. We've made recommendations to other agencies in this space, so we took a little bit of a further look at what AFSC was doing. You know, they have policies related to this. This is really a matter of – in the last year or so they haven't necessarily been compliant with their own policies in this space. We also felt that some of the reporting to the board could be more robust as far as cloud computing risks; obviously, I think, top of mind for a lot of government bodies. We anticipate that they'll be moving fast on this as well, and it'll help close maybe some risk exposure they have as far as their compliance with their own policy and making sure they have all of the right controls.

Mr. Rowswell: Okay. Just to refer back a bit to the timber revenue. Based on the report, it looks like it was about \$300 million as the normal amount of revenue, and this was an underestimation of \$93 million. You know, it's kind of like a case of underpromising and overdelivering. I'd rather be underestimated than overestimated. What are the consequences of that being like that? Like, what problems does it create other than having more money in the coffers?

9:50

Mr. Leonty: Well, I mean, the risk ultimately is that if that control isn't in place – and there shouldn't be, you know, a dependence on the Auditor to necessarily surface all those things; I mean, that control needed to be there to detect it – it can result in a \$90 million misstatement. In some ways you could say that we're somewhat agnostic in this case, whether it's an understatement or overstatement, recognizing that when we're designing our audit work, we may have a certain risk in our mind of whether there might be a direction it can go, one way or another, based on underlying economic factors and those types of things. Ultimately, it does still boil down to that having that control is important because if it's not there, there is a risk that it results in a misstatement in the financial statements. Certainly, yes, we're there to do the audit work and design our procedures to detect it, but it's management's responsibility to ensure they have complete and accurate financial reporting.

Mr. Rowswell: Okay. Thank you.

Well, if MLA Turton would like to say a few words, that'd be fine.

Mr. Turton: Awesome. Yeah. Well, thank you very much. I'm just going to start off my questions with Municipal Affairs. It talks about

emergency response. I know that on mornings like this emergency response is extremely important. Even my son asked why my dog needed to wear a sweater, and I said that it was because he was a chili dog.

The Chair: All right.

Mr. Schmidt: Point of order.

The Chair: Yeah. I recognize this point of order.

Mr. Schmidt: Yeah. Obviously, the member is trying to incite anger and violence in people with these kinds of harmful jokes. I demand he apologize and resign from the committee.

The Chair: While I sympathize with the hon. member's feelings of discomfort with that joke, I will not find a point of order at this time, but I will caution the member. Thank you.

All right. We have three minutes on each side for reading questions into the record. If the Official Opposition has any questions for follow up.

Ms Renaud: Thank you, Madam Chair. On page 26 it outlined the expenses recognized March 31, 2021. I'm wondering if we could get a breakdown of the critical worker benefit, the \$365 million; which sectors, a breakdown by sector and what amount went to what sector.

Also, under the Health-related programs. For the mental health and problematic substance abuse, \$45 million: if we could get a breakdown of where those funds went and what kind of oversight is in place. As well, vulnerable populations, \$147 million: a breakdown of where those funds went, which departments. As well, testing, contact tracing, data management, \$264 million: a breakdown of where those funds went, how they were used, and any oversight that the AG's office can tell us about.

Also a question is: if there's a valuation of the rapid tests that were provided by the federal government, if that's included in that \$264 million.

Finally, again, for the personal protective equipment, the \$539 million: if we could get a breakdown of what is included in this and where that was distributed.

Thank you.

The Chair: That's everything?

Okay. Very good. Over to the government side.

Mr. Turton: Yes. Thank you very much, Madam Chair. The first question is to continue on Municipal Affairs. Pages 121 and 122 of the Auditor General's report contain recommendations to Municipal Affairs, all of which are focused on emergency response. Regarding the recommendation to implement a system to develop and maintain a provincial hazard assessment: was this recommended because no system was in place before, or was this to replace an existing system?

Second question. On the recommendation to improve monitoring and reporting of recommendations from postincident disaster reviews: what were the specific deficiencies in the existing reviews that prompted this?

Three. The third recommendation to the ministry has been outstanding since before the NDP were in office. Given the

significant delays on this recommendation, has your office identified the specific obstacles to making progress on this item?

My next two questions revolve around Labour and Immigration and Transportation. On page 119 of the Auditor General's report it highlights the outstanding recommendations to the Ministry of Labour and Immigration. As noted on the same page, the recommendation to the ministry is: ready for an assessment. Can the Auditor General please describe what their office will be looking at to determine if this recommendation has been implemented to a satisfactory level?

Then, also, on pages 125 and 126 of the Auditor General's report it outlines the outstanding recommendations to the Ministry of Transportation. I noticed that these are outstanding recommendations even though they were only identified in June of this year and the ministry is working away at this. I'm just wondering what the time threshold is for a recommendation moving from new to outstanding. Then, I guess, just a quick supplemental to that: if the recommendation is outstanding, is that because your office would expect it to have been addressed already?

Those are our questions to read in.

The Chair: Thank you very much, friends.

We will now move on to thanking the Auditor General for his time and ask that any of the outstanding questions be responded to in writing within 30 days and forwarded to the committee clerk.

I'll move on to the matter of the spring 2022 committee schedule. Hon. members, the subcommittee on committee business met yesterday to discuss this matter of scheduling. What we will be doing is meeting again in early January to finalize a draft schedule to propose to the committee. For the information of the committee, the committee clerk has posted the list of ministries who have appeared before the committee, in order of their last appearance, on the internal website.

I will just note, by way of report back to the committee, that we also have the issue of outstanding Auditor General recommendations and the OAG's schedule of audits. Their point to the subcommittee was that those be dealt with in a timely fashion as well, as we have done in the past. We have tried to order the ministries with reference to length of time that it's been since they've been here and also the timeliness of following up on outstanding recommendations in our work as a committee.

That deliberation will happen in January once we are in full possession of all of the various information and we've had a chance to talk to our respective caucuses. We will be bringing then a recommendation back to this body. It is likely, just for your knowledge and information, hon. members, that what we'll do is simply have an online meeting that is short and perfunctory in order to ratify that schedule sometime in the new year.

Is there any other business that hon. members wish to raise at this time?

Thank you. If not, we will have the date of the next meeting set at the call of the chair, as scheduled.

Thank you very much, hon. members. I will now call for a motion to adjourn. Moved by Member Walker. All in favour? Any opposed? Great.

Remember to take your cups and saucers and things. Thank you very much, friends.

[The committee adjourned at 9:58 a.m.]

