



Legislative Assembly of Alberta

The 29th Legislature  
Fourth Session

Standing Committee  
on  
Public Accounts

Wednesday, November 21, 2018  
6:31 p.m.

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**Legislative Assembly of Alberta  
The 29th Legislature  
Fourth Session**

**Standing Committee on Public Accounts**

Cyr, Scott J., Bonnyville-Cold Lake (UCP), Chair  
Dach, Lorne, Edmonton-McClung (NDP), Deputy Chair

Barnes, Drew, Cypress-Medicine Hat (UCP)  
Carson, Jonathon, Edmonton-Meadowlark (NDP)  
Clark, Greg, Calgary-Elbow (AP)  
Gotfried, Richard, Calgary-Fish Creek (UCP)  
Hunter, Grant R., Cardston-Taber-Warner (UCP)  
Littlewood, Jessica, Fort Saskatchewan-Vegreville (NDP)  
Luff, Robyn, Calgary-East (Ind)  
Malkinson, Hon. Brian, Calgary-Currie (NDP)  
Miller, Barb, Red Deer-South (NDP)  
Nielsen, Christian E., Edmonton-Decore (NDP)  
Panda, Prasad, Calgary-Foothills (UCP)  
Payne, Brandy, Calgary-Acadia (NDP)\*  
Renaud, Marie F., St. Albert (NDP)  
Sucha, Graham, Calgary-Shaw (NDP)\*\*  
Turner, Dr. A. Robert, Edmonton-Whitemud (NDP)  
Yao, Tany, Fort McMurray-Wood Buffalo (UCP)\*\*\*

\* substitution for Brian Malkinson

\*\* substitution for Bob Turner

\*\*\* substitution for Prasad Panda

**Also in Attendance**

McPherson, Karen M., Calgary-Mackay-Nose Hill (AP)

**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

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Stephanie LeBlanc	Senior Parliamentary Counsel
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**6:31 p.m. Wednesday, November 21, 2018**

[Mr. Cyr in the chair]

**The Chair:** Good evening. I'd like to call this meeting of the Public Accounts Committee to order, and I'd like to welcome everyone in attendance today.

My name is Scott Cyr. I'm the MLA for Bonnyville-Cold Lake, and I am the chair of the meeting. I'd like to ask the members, staff, and guests at the table to introduce themselves for the record, starting on my right.

**Mr. Dach:** Good evening. Happy Grey Cup weekend in Edmonton. Lorne Dach, MLA for Edmonton-McClung, Go, Calgary.

**Mr. Yao:** Tany Yao, Fort McMurray-Wood Buffalo.

**Mr. Hunter:** Grant Hunter, MLA, Cardston-Taber-Warner.

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

**Mr. Gotfried:** Richard Gotfried, Calgary-Fish Creek. Go, Stamps, go.

**Ms Luff:** Robyn Luff, Calgary-East. Don't care about football.

**Ms McPherson:** Karen McPherson, Calgary-Mackay-Nose Hill. Go, Stamps, go. I have tried on a Super Bowl ring, just saying, and a Grey Cup ring.

**Mr. Clark:** Good evening. Greg Clark, MLA, Calgary-Elbow.

**Mr. Ireland:** Brad Ireland, Assistant Auditor General.

**Mr. Driesen:** Rob Driesen, Assistant Auditor General.

**Mr. Wylie:** Doug Wylie, Auditor General.

**Mr. Leonty:** Eric Leonty, Assistant Auditor General.

**Ms Renaud:** Marie Renaud, St. Albert.

**Mr. Carson:** Jon Carson, MLA for Edmonton-Meadowlark. Good evening.

**Ms Payne:** Good evening. Brandy Payne, MLA for Calgary-Acadia, also looking forward to seeing the Stamps win this weekend.

**Ms Miller:** Good evening. Barb Miller, MLA, Red Deer-South.

**Mr. Sucha:** Good evening. Graham Sucha, MLA for Calgary-Shaw, filling in for Dr. Bob Turner. I echo all the sentiment around the Stamps' victory.

**Mr. Nielsen:** Good evening. Chris Nielsen, MLA for Edmonton-Decore. I guess this is the part where I shouldn't say that I cheered for Winnipeg.

**Dr. Massolin:** Good evening. Philip Massolin, manager of research and committee services.

**Mrs. Sawchuk:** Karen Sawchuk, committee clerk.

**The Chair:** Okay. I'd like to note for the record a member teleconferencing. Ms Littlewood, would you mind introducing yourself for the record.

**Ms Littlewood:** Jessica Littlewood, MLA, representing the beautiful rural constituency of Fort Saskatchewan-Vegreville. I am patiently awaiting the day when the Eskimos are back in the playoffs to stay.

**The Chair:** Thank you for that. There's a lot of team spirit today.

We have some substitutions: Ms Payne for the hon. Mr. Malkinson, Mr. Yao for Mr. Panda, and Mr. Sucha for Dr. Turner.

A few housekeeping items to address before we turn to the business at hand. Please note that the microphones are operated by *Hansard*. Please set your cellphones and other devices to silent for the duration of the meeting. Committee proceedings are being live streamed on the Internet and broadcast on Alberta Assembly TV. The audio and video stream and transcripts of the meeting can be accessed via the Legislative Assembly website.

Let's move on to the approval of the agenda. Would a member move that the agenda for the November 21, 2018, meeting of the Standing Committee on Public Accounts be approved as distributed? Ms Miller. Any discussion on the motion? All in favour? Any opposed? On the phone? Thank you. That motion is carried.

We are here this evening to receive a briefing from the Auditor General and his Assistant Auditors General respecting the office's November 2018 report. Mr. Wylie, I understand that you will be speaking first, and then each of your Assistant Auditors General will be addressing a number of key issues from this report. As we are on a tight schedule this evening, I would suggest that the Auditor and his Assistant AGs complete their presentations before I open the floor to questions from the committee.

Mr. Wylie, the floor is yours.

**Mr. Wylie:** Thank you, Chair. I'll monitor the time, how long I speak, to see whether I give the gentlemen at the table an opportunity as well. Hopefully, we'll have time.

You've met the Assistant Auditors General at the table. I'd just like to introduce a couple of other individuals with our office who are here tonight. We have our business leader of performance audits, Mary Gibson, in the gallery as well as our business leader of financial statement audits, Karen Zoltenko. We have our chief operating officer, Ruth McHugh. Our executive director of stakeholder engagement, Val Mellesmoen, is with us in the gallery as well. I'm really honoured to work with a great group of individuals within the office. I have great support, and we have a great team there.

Chair, it's again a real privilege for me to introduce to you our first report as Auditor General. This report includes the results of our financial statement audits for the province for the year ended March 31, 2018, as well as the results of three new and five follow-up performance audits. I see you all have the report. I'm told it's 360 pages, so it's fairly heavy to carry around. We have an electronic version of that.

Chair, there are three key messages that I'd like to discuss in my introductory comments with the committee this evening. First, the 2017-18 financial statements of all of the organizations that we audit met the requirements for clarity, completeness, accuracy, and timeliness. Second, we noted improvements by the government in four of the five follow-up audits that we completed. Third, there is a need for improvement in the analysis, monitoring, and reporting in several important government programs.

Let me start with the 2017-18 financial statement audits. In June of this year we issued an unqualified audit opinion on the consolidated financial statements of the province. We also issued an unqualified audit opinion on each of the financial statements of the 139 ministries, departments, agencies, boards, commissions,

and regulated funds that we audit. An unqualified opinion represents an independent auditor's judgment that the financial statements are fairly and appropriately presented. As part of our financial statement audits we also make recommendations to improve controls over financial transactions. Our report includes five new and three repeated recommendations to improve financial processes. These recommendations are highlighted on pages 2 through 4 of the financial statement auditing section of this report.

Let me now turn to my second key message, and that is that progress is being made. When the government acts on our recommendations, it is good news for Albertans. Our follow-up work is important because opportunities for improvement are achieved and risks are mitigated when our recommendations are implemented. We noted improvement in four of the five follow-up performance audits that we completed. The findings from these audits are included in the performance audit section of our report.

I'd like to now switch gears and move to the third key message, and that is that the government can improve its analysis, monitoring, and reporting processes of several key government programs. First, let me say that many of the aspects of the processes we audited for this report are working as intended. However, significant improvements can be made, and I'll spend a couple of minutes on those. Analysis, monitoring, and reporting processes are important. If effective, they help achieve program objectives and desired results, which can directly benefit Albertans. The point here is that this is just not an administrative process. The impact is real, and the impact is real on program delivery and the results of those programs.

For example, consider the importance of government wildfire prevention processes. Historically 60 per cent of wildfires are caused by humans and are preventable. The impact of wildfires on Albertans has been staggering over the last few years. Every year there are, on average, 1,400 forest fires in Alberta. In 2016 88,000 residents were evacuated from Fort McMurray due to a devastating fire that destroyed 2,400 structures. That same fire directly cost Albertans and businesses an estimated \$3.4 billion, and as we've seen in the last few weeks in California, in the worst of circumstances forest fires can lead to even more tragic outcomes, with the loss of lives.

#### 6:40

Our audit of Alberta Agriculture and Forestry's wildfire management program identified that the analysis, monitoring, and reporting of results of wildfire prevention activities can be improved. The need for improvement in analysis, monitoring, and reporting was also a common theme in the additional following performance audits included in this report: systems to manage and report on the oil sands monitoring program at Alberta Environment and Parks, systems to update Alberta's workforce strategies at Alberta Labour, and contract management processes at Service Alberta.

With Alberta Environment and Parks we followed up on our 2016 audit of the reporting on the oil sands monitoring program. We found that while improvements were made, the department can improve its processes to ensure that the annual reporting to Albertans on the oil sands monitoring program is complete, clear, and accurate. Our key finding was that the department did not have a robust process to develop the 2016-17 annual report. As a result, the report lacked important information about the overall program. For example, we noted that the report lacked information about the actions taken to meet the program objectives, information on how the program supported decision-making by government, and information on the accumulated surplus from industry funding. It's important to note that the government collects, on average, \$50

million a year from the oil industry to fund the environment monitoring program.

The report also provided limited information about planned synthesis on water, air, and land. These reports are the primary reporting mechanism through which the program will demonstrate how the improved data analysis leads to better understanding of historical baselines and the changes.

The last finding I'll highlight is that the report contained inaccurate financial information. Actual costs reported for many of the projects significantly differed from the information in the department's financial systems.

Moving to Alberta Labour, we conducted an audit at Alberta Labour on its systems to update Alberta's workforce strategies. Between 2006 and 2016 Alberta's workforce development efforts were to be co-ordinated under the building and educating tomorrow's workforce strategy. The government designed the strategy to bring together government ministries and industry and stakeholder groups to achieve a common objective of improving Alberta's workforce capacity for the future. Government used this approach to guide its workforce development because it is a complex area that required collaboration across several ministries.

Over time various ministries took the lead for this initiative. From 2013 onward the lead ministry was Alberta Labour. The department's structures, government priorities, the operating environment, and the economic circumstances changed over the 10 years of the strategy. But these factors and the complexities of the work of government are why long-term strategies matter, to make progress despite the urgency of short-term pressures. Monitoring, reporting, and analyzing actual results against those planned is the process that provides valuable information to enable management to adjust future plans and the effort and the spending in order to achieve the desired results over the long term.

Our key finding from this audit was that the Ministry of Labour did not monitor and report on the progress in achieving the planned results of the strategy and, as a result, cannot demonstrate that the strategy achieved its planned results or whether the resources dedicated to that strategy over 10 years were well spent.

Let me now move on to our audit on Service Alberta's contract management processes. The government makes significant investment of public funds through large and complex contracts. Service Alberta has the responsibility for oversight and management of those contracts on behalf of all of government. To conduct this audit, we looked at the contracts related to a significant initiative for all Albertans, which was the construction, operation, and maintenance of the Alberta SuperNet. The processes used to manage the SuperNet service contracts are the same processes that Service Alberta uses to manage other contracts. Essentially it was a baseline contract that we selected to test the system. As a result, the learnings from this audit are applicable to all the processes used to manage other contracts on behalf of the government. Our audit identified that the processes related to performance measurement, compliance with contractual obligations, and contract evaluation were deficient and were not working well together.

The government's main goal in 2001 was to develop and implement a high-speed telecommunications network infrastructure in Alberta. Rather than build this infrastructure itself, the government contracted its construction to third parties. With the network infrastructure in place in 2005, the government's desired results from operations, among others, were to provide Internet connection and service to the public-sector end-users, including government buildings, libraries, health, and learning facilities in municipalities. The SuperNet network extended to 402 rural communities in Alberta, from Coutts in the south to Zama City in

the north. Access to the Internet is no longer a luxury in our highly connected world, and the SuperNet is the backbone of essential services provided to Albertans such as health care and education. In something as important as SuperNet it is vital that there are effective contract management processes in place not only to ensure that costs are well managed but also the service levels.

Before I open up discussion to your questions, there's one other, final section of the report that I'd like to highlight, and that's our summary of recommendations. Our audit recommendations are about making improvement. When areas of improvement have been identified by an independent auditor, Albertans should expect timely action by those accountable. When our recommendations are not acted upon in a timely manner, it means that there is a risk to a government program or a service that is provided to Albertans. We've included a summary of the recommendations in the report, and we are providing a separate version of it to you today for easy reference going forward. That's this separate document that I believe you were provided at the beginning of this meeting tonight. There are currently 150 recommendations to government. Twelve are new and included in our November report, that we're discussing with you today, and 138 of those 150 recommendations are from our past reports.

I'd just like to highlight for you one of the things that we've done. This committee: we understand the importance of the recommendations and its review of outstanding recommendations. We think that by putting, you know, this separate report together for you, that will help as an easy reference as we have our meetings. I'll just draw your attention to the first page of this. That's where we actually summarize our recommendations, and we actually have identified those in red that have been outstanding for longer than three years, which is the ideal time. We also, in the right-hand column, for your benefit have identified those recommendations, by ministry, where management has indicated that they are either ready or not ready. You'll see that in the right-hand column. We've also included in here for your reference and benefit a column that identifies those recommendations that have been implemented during a period. We hope that that will help as a reference document to assist with the committee's business.

I'll open it up for questions, Chair.

**The Chair:** Thank you for that, Mr. Auditor General.

The current rotation that we're going to use is one opposition, one government question, then another opposition and government question. Then we'll go to the third party and an independent member if they have any questions. Should we need to alter that, then we will go on the fly here.

Are there any questions from the opposition side? Mr. Hunter.

**Mr. Hunter:** Thank you, Mr. Chair.

**The Chair:** Sorry to interrupt. One question and one supplemental, sir.

6:50

**Mr. Hunter:** Okay. There were 12 new recommendations this year. Can you tell me how many recommendations came forward in each of the last, say, three years?

**Mr. Wylie:** I don't have that information. I'm not too sure if – Val, would you happen to have that? I'm told 28 in total in 2017.

**Mr. Hunter:** Okay. Thank you.

**The Chair:** Did you have a supplemental, sir?

**Mr. Hunter:** No, I did not.

**The Chair:** Okay. Moving on to government. Ms Renaud.

**Ms Renaud:** No. Actually, I'm going to pass to the next person. You actually answered my questions.

**The Chair:** Oh. Mr. Nielsen. I apologize, sir.

**Mr. Nielsen:** Thanks, Mr. Chair. Thanks again for all the work that you've been doing. Certainly, this summary report: fantastic. That really makes things a lot easier for us, so I really wanted to say thank you for putting that together.

I just wanted to draw your attention to Labour, page 2 of the report on Alberta Labour, systems to update Alberta's workforce strategies. While looking at what you had examined, you mentioned that the fieldwork was done between July and December of 2015 as well as June and December of 2017, and the audit was, of course, then completed in August of 2018. I was just wondering if you could talk a little on the process of the audit here and maybe specifically the time spans. I don't know if there were audits done in both 2015 and 2017.

**Mr. Wylie:** There was a rationale for that, and I'm going to actually let Rob Driesen answer that question.

**Mr. Driesen:** Sure. It is a little bit unusual in terms of the breakup of that audit process and the fieldwork. When we started our audit work in 2015, at that time there seemed to be a clear indication that there was going to be an updated long-term strategy. As we started to do that work, later on in 2015 there was a little bit of uncertainty around whether there actually would be a new strategy, so we paused for a second to try and understand whether, by continuing to do this work, there would still be some value-add, it would still be relevant. At about the same time, when we looked at some of the other audits that we wanted to do within our office, there was an audit with respect to care of indigenous children that we wanted to do. We really wanted to place a priority on that, so we moved some of our individuals that were focused on doing this audit to complete that audit first.

When that audit was done and we'd reported on that, we then went back and looked to see if it made sense to finish our work on looking at the workforce strategies, and we did see value in doing that. That's when we recommenced doing that work and finished that off and ended with this report.

**Mr. Nielsen:** Fantastic.

No need for a supplemental.

**The Chair:** Good answer, sir.

We'll move on to the opposition side. Mr. Gotfried.

**Mr. Gotfried:** Thank you, Mr. Chair. From the list here we've got seven ministries with more than 10 outstanding recommendations, which seems like a lot and a lot to address. If I recall correctly, in the previous conversations there were some longer outstanding recommendations that in some cases have been dropped off, perhaps due to relevancy. Does it concern you to see this many outstanding recommendations concentrated particularly in those seven ministries, and what would be your expectation in terms of maybe putting some subtle pressure on them in terms of timelines for turning these around?

**Mr. Wylie:** Well, as I mentioned in the introductory comments, all of our recommendations, we believe, add value, and as I said, there's a risk when they're not being implemented in a timely

manner. We have, if you will, an agreed timeline. It's not documented, it's unofficial, but it is three years. We try and have our work implemented by the management of the groups that we're auditing within three years. That's why we have set that three-year target, and we're kind of measuring against that.

There are, as you see on this list, several ministries that have a significant number of recommendations that have been outstanding longer than three years. For example, Health has 17 recommendations that have been outstanding for longer than three years. Environment and Parks has recommendations that have been outstanding for longer than three years.

I might ask, just for your benefit, Member – Eric, if you would comment on if there are a couple of recommendations within those two ministries that you might like to highlight, a particular risk, maybe.

**Mr. Leonty:** Sure. If you look at Environment and Parks as an example, I mean, there are a few recommendations there that date back to 2008. One is sand and gravel. There's an old recommendation for mine financial security. There are some very important ones, obviously, for dam safety and flood mitigation that are already past the three-year mark. You know, we do engage regularly with the department to see the progress that's being made and why some of those timelines may be pushed out. In relation to what Doug has said, as far as the three-year mark, we'll reach a point very soon where we're going to begin the follow-up work to get a clear picture of exactly what might be some of the barriers to implementation, just to see where some of those things are at.

Certainly, with Health we do have plans for some of the bigger follow-ups. Actually, the committee would have heard yesterday about mental health, where, you know, there is a plan to look at that next year as well as begin the work on chronic disease management, which are very significant pieces with some significant elements to them.

Certainly, in both of those departments right now there are a number that are tracking on the three years and, in some cases, much longer, and we want to do that follow-up work very, very shortly.

**Mr. Gotfried:** A follow-up, if I may?

**The Chair:** Absolutely, sir.

**Mr. Gotfried:** Thank you, Mr. Chair. I guess I have one follow-up question but a couple of issues. One, do you think it would be helpful for you to take some of these, particularly, let's say, those ministries with more than 10 outstanding, and prioritize those for us?

Two, what do you feel our role is? I mean, I think that we consider the work that we do in concert with the Auditor General's department here, and we're here to work with and support the recommendations you make. What could we do to help make that a little bit more effective and maybe have a bit more teeth in terms of taking those more prioritized ones and pushing those forward and respectfully asking for greater action on them?

**Mr. Wylie:** As a matter of practice we don't prioritize recommendations, if you will. Anything that a recommendation has identified we view to be a priority. So we consider all of these to be a priority, anything that would require an official government response.

In relation to working with this committee, I guess I would go back to a comment that I raised in this committee yesterday when we were looking at the mental health strategy, and that is that where management has a plan, a course of action to implement a

recommendation, I think this committee can help by asking the probing questions of: are they going to achieve and be able to deliver on that plan? You understand that our mandate is limited to issuing recommendations. That's why it's very important that we have an excellent working relationship with this committee, and I think that a big help would be to focus on those implementation plans and identify where there might be impediments to achieving those target implementation dates.

**Mr. Gotfried:** Thank you.

**The Chair:** Ms Payne.

**Ms Payne:** Thank you. On page 3 of the Justice and Solicitor General portion of the very large, thorough report, under our follow-up audit finding you mention that the department had set \$75,000 as the threshold over which the department is now requiring a fully developed business case. I'm wondering if there's any reason that was indicated about why the \$75,000 threshold was chosen and how many contracts from the department are offered that are above that threshold.

**Mr. Leonty:** The threshold is something that stems from guidance from Treasury Board and Finance, and it's something that they use as sort of a reasonable threshold which, you know, would justify having some supporting analysis to justify where a certain approach is taken in the contract. As far as the number of contracts over \$75,000, I'd have to get that information separately. I don't know the exact number offhand.

**Ms Payne:** Dovetailing from that, on the same page the follow-up audit finding states, "Business cases were prepared for use by the department's contract review committee to consider significant new external-services-contract requests." I was wondering if you had information about who sits on that committee and if that sort of thing is standard practice across all departments.

7:00

**Mr. Leonty:** Yes, it is standard practice, and typically you would have the senior financial officer in some financial area who would be sitting on that committee, people related to the operational area that's impacted or where the contract would stem from. Yes, it is a standard practice that departments are applying.

**Ms Payne:** Thank you.

**The Chair:** Thank you.

Mr. Clark.

**Mr. Clark:** Thank you. Just a couple of kind of process questions. How and who determines when a follow-up audit is ready? Is that just entirely the department, or do they work in collaboration with your office to determine when it's ready for a follow-up audit?

**Mr. Wylie:** Great opportunity to answer that and maybe elaborate on process. Right now what we are doing is working with ministries as much as possible to only come in and do a follow-up audit when they indicate that it's ready. What we have had is circumstances over the years where we have gone in and the departments have not been ready, and that has not been viewed as an effective use of resources by either party. We would have to come in and essentially then come and do a second follow-up and in some cases three follow-ups, so exponentially, if you do one audit, that could equate to three future audits, which is a significant consumption of resources by our office.

We've reached an agreement that we try and work with ministry management and have them identify when they're ready for a follow-up. Hence that is the reporting that this committee receives as well. Are they ready, or are they not ready for our follow-up? Ideally, we would go in and do it when they indicate it's ready.

There are circumstances, though, on long-standing audits or given the nature of the audit when we would come in and do a progress report, which would essentially try and give an assessment of how management's progress is moving forward. The objective there, really, is to try and identify: is there a disconnect between the audit office's expectations and management's view of what needs to be done? In essence, Member, we try and do and co-ordinate audits when management indicates that they're ready.

**Mr. Clark:** Thank you. Just a brief follow-up, then. When the department indicates that they are ready for a follow-up, do they ever fail? If so, do you track how often that happens?

**Mr. Wylie:** They have, and that results in a repeated recommendation. I mentioned in my introductory comments that there are a few repeat recommendations in here. We follow up on all of our recommendations, so they either result in them being implemented or being repeated.

**Mr. Clark:** Thank you.

**The Chair:** Thank you very much.

Ms Luff, did you have a question that you'd like to ask?

**Ms Luff:** Yeah. I mean, just looking at this and looking at the list of outstanding recommendations, like has been mentioned before, there are some departments that have more outstanding recommendations than others. I'm just curious if you could comment on if you think that is due to some departments being better than others at following up on recommendations, you know, like Health particularly. Do you do more audits on some departments than others? Health takes up a lot of government resources, so it stands to reason that you probably do more audits on Health. Are there more outstanding recommendations because there have been more audits, or are some departments better at following up with recommendations than others?

**Mr. Wylie:** I'll try and answer that from two particular aspects. Yes, I think that there are some departments or ministries who are very keen to implement recommendations. That's not saying that other ministries aren't. I think they all would like to get rid of them. [interjections] There's laughter in the gallery because they're well aware that it's a priority for all to get rid of the recommendations. You know, we have seen variation where there is some deliberate focus to address the recommendations. Some of them, I would suggest, though, given the nature of the recommendations, might take a little longer to implement than others.

For example, included in this report are recommendations resulting from our financial statement audits. I would suggest that those are likely easier to implement. They're more finite, related to specific controls and significant control breakdowns and weaknesses that might be easier to fix than, for example, dealing with chronic disease management in the health care sector. The nature of the recommendation certainly has an impact as well.

We do have an initiative going forward this year. Our goal really is to have our work acted on, so we are looking at working with the departments and management more proactively to try and identify what some of the impediments are with respect to the implementation of recommendations and trying to address those so that we can

move it along and actually have the issues resolved rather than continuing to revisit outstanding recommendations.

**Ms Luff:** Thanks. I guess just a quick follow-up on that. I guess you're saying that not all recommendations are created equal, I suppose, which is fair to say. But in terms of the total number of reports per department, like, there are some departments that get more audits, right?

**Mr. Wylie:** Yes. We have a risk-focused approach to doing audits. As you can imagine, Health is an area of focus both given the dollar spend as well as the impact of programs on Albertans, so it has received significant audit work over the number of years. I would suggest, though, that we have also tried to recognize that in the work that we do. Our Better Healthcare for Albertans report actually considered the number of recommendations we have within the system. Our objective there was not to come back and add more recommendations. It was rather to come back and look at: what are some of the root causes that are giving rise to these recommendations, and is there an opportunity to address those root causes?

You're absolutely right, but I would suggest that we're cognizant of that, and we're trying to address that with the way we are approaching our work. At the end of the day, we're not interested in volume of recommendations. We're actually interested in the implementation of the fixes that need to be made. We certainly are anxious to work with management.

**Ms Luff:** Thank you.

**The Chair:** Thank you very much, Ms Luff.

Mr. Yao.

**Mr. Yao:** Thank you very much. In your summary report on page 34, the fifth recommendation for Alberta Health, you talk about enhancing processes to check for receipt of services for which physicians billed. Just to clarify, is there an existing audit system to ensure that physicians are billing correctly, or is it still a system that truly lacks accountability yet?

**Mr. Wylie:** I'll ask Eric to start, and I might supplement.

**Mr. Leonty:** Yeah. At the Department of Health they do have a system and a process to check for appropriate billing. This particular outstanding recommendation is also in relation to how well that process was working at the time. There were some issues, and that's why the recommendation was made. This is something that, you know, we'll be following up on in the near future as well because as you can see, it's already past the three-year time frame. But the department does have mechanisms in place for verification and for examining the billings and doing some analytical work on that.

**Mr. Yao:** But based on your audit, it's not sufficient, or are they not performing it? Do you have a dollar value that you could identify that would indicate how poor the system is or how good it is?

**Mr. Leonty:** At the time when this audit was completed, there wasn't a quantification of, you know, what the difference may be. This was looking at whether the controls in place were operating as intended at that time. There were a couple of noted weaknesses from that, and improving that would reduce the risk that there would be any inappropriate billings. There wasn't an exact dollar figure that was attached to that, just given the nature of the data and what you can sort of glean from looking at that control.

**Mr. Yao:** Thank you.

**The Chair:** Thank you, Mr. Yao.  
Mr. Carson.

**Mr. Carson:** Thank you, Chair, and thank you as well to the Auditor General and your team. I think it's extremely important for this process to take place, and I think there are a lot of important recommendations within the report. My question is in regard to the Ministry of Justice and Solicitor General, page 6. There remain circumstances where using prequalified contractors was simply not feasible. These could include incidents where remains needed to be retrieved from a remote location like a mountainous area or a drowning where divers needed to be sent in first. These seem like pretty specialized skill sets. I'm wondering what capacity exists within the province or even the country to be able to manage these situations.

**Mr. Wylie:** Okay. I'll ask Eric again.

7:10

**Mr. Leonty:** Yeah. It is probably fair to say that those are rare and unusual circumstances. If that type of service is required and an operator company on the prequalified list in that particular area is unavailable to do that, then it is looking to others who may be able to assist in that, the one risk being that if that service isn't close by, then it can involve a considerable wait. It may have to come from a major centre, and it may take time for that service to be provided. It's really based on, you know, what is available. Then if they have to move off the prequalified list, their processes allow for that to be acceptable because given the extreme circumstance, you would have to find what is the most appropriate action given the constraint.

**Mr. Carson:** Thank you very much. Just a follow-up. Does the availability of these services have an impact on the ability of the department to contract those individuals in a predictable manner? Does this mean that, by definition, these services have to be offered on an ad hoc basis?

**Mr. Leonty:** Yes. We made reference to a couple of others; for instance, the development of Gladue reports as well as court reports. Because you can't, you know, with precision determine when the demand will be and forecast when you might need those services, that lends itself to a prequalified approach to that. There are a number of steps to get onto that prequalified vendor listing.

**Mr. Carson:** Thank you.

**The Chair:** Thank you, Mr. Carson.

Is there a desire to go beyond 7:15 and go with a time frame of 7:30? We would need unanimous consent for that. I'm asking the question. Is there anybody that doesn't want to go to 7:30?

**Mr. Nielsen:** Yeah. That would cause some problems.

**The Chair:** Fair enough.

We do not have unanimous consent, so I believe we're done with this question and answer. I know that we all would like to have more, but unfortunately night sittings are something that we have to put a schedule around, which is why there was a limited schedule today.

I would like to thank the Auditor General and his staff for the presentation and for responding to questions from the committee members. If there is anything that the office of the Auditor General wishes to expand on, please submit this in writing and forward it to the committee clerk for distribution to the committee.

Are there any items under other business for consideration?

Seeing none, the committee will meet next on Tuesday, November 27, with the Ministry of Children's Services. The meeting is scheduled from 8:30 a.m. to 10 a.m., and the premeeting briefing is from 8 to 8:25 a.m.

Would a member like to move to adjourn this meeting?

**Mr. Nielsen:** So moved.

**The Chair:** All in favour? Any opposed? On the phones? Carried.  
Thank you.

[The committee adjourned at 7:13 p.m.]



