



Legislative Assembly of Alberta

The 30th Legislature
Fourth Session

Standing Committee
on
Public Accounts

Tuesday, December 20, 2022
8 a.m.

Transcript No. 30-4-3

**Legislative Assembly of Alberta
The 30th Legislature
Fourth Session**

Standing Committee on Public Accounts

Phillips, Shannon, Lethbridge-West (NDP), Chair
Turton, Searle, Spruce Grove-Stony Plain (UC), Deputy Chair

Hunter, Grant R., Taber-Warner (UC)
Lovely, Jacqueline, Camrose (UC)
Pancholi, Rakhi, Edmonton-Whitemud (NDP)
Panda, Prasad, Calgary-Edgemont (UC)
Renaud, Marie F., St. Albert (NDP)
Schmidt, Marlin, Edmonton-Gold Bar (NDP)
Singh, Peter, Calgary-East (UC)
Stephan, Jason, Red Deer-South (UC)
Toor, Devinder, Calgary-Falconridge (UC)
Yaseen, Muhammad, Calgary-North (UC)

Office of the Auditor General Participants

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

Support Staff

Shannon Dean, KC	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
Christina Williamson	Research Officer
Warren Huffman	Committee Clerk
Jody Rempel	Committee Clerk
Aaron Roth	Committee Clerk
Rhonda Sorensen	Manager of Corporate Communications
Christina Steenbergen	Supervisor of Communications Services
Shannon Parke	Communications Consultant
Troy Rhoades	Communications Consultant
Tracey Sales	Communications Consultant
Janet Schwegel	Director of Parliamentary Programs
Amanda LeBlanc	Deputy Editor of <i>Alberta Hansard</i>

8 a.m.**Tuesday, December 20, 2022**

[Ms Phillips in the chair]

The Chair: Good morning. I'd like to call this meeting of the Standing Committee on Public Accounts to order and welcome everyone in attendance.

My name is Shannon Phillips. I'm the MLA for Lethbridge-West and the chair of this committee. I'd ask that members and those joining the committee at the table introduce themselves for the record, and then I will call on those joining us by videoconference. We'll begin with the deputy chair.

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

Mr. Hunter: Good morning. Grant Hunter from Taber-Warner.

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

Mr. Leonty: Eric Leonty, Assistant Auditor General.

Mr. Wylie: Doug Wylie, Auditor General.

Ms Hayes: Patty Hayes, Assistant Auditor General.

Mr. Ireland: Brad Ireland, Assistant Auditor General.

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

Ms Renaud: Marie Renaud, St. Albert.

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

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

Mr. Huffman: Warren Huffman, committee clerk.

The Chair: We do have four members joining us by videoconference this morning. We'll go with Member Singh, Member Toor, Member Lovely, Member Stephan. If you could introduce yourselves.

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

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

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

Mr. Stephan: Good morning. Jason Stephan, MLA, Red Deer-South.

The Chair: All right. Thank you very much. Please note that we have a few housekeeping items. The microphones are operated by *Hansard* staff. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV and, of course, the audio. Transcripts of meetings can be accessed via the Legislative Assembly website. Those participating by videoconference are encouraged to please turn on your camera when speaking and to mute your microphone when not speaking. Members participating virtually who wish to be placed on a speakers list are asked to e-mail or send a message to the committee clerk, Warren Huffman,

and members in the room are asked to please signal to the chair. Please set your cellphones and other devices to silent for the duration of the meeting.

We'll now move on to approval of the agenda. Are there any changes or additions to the draft agenda?

Looking to the room and seeing none, would someone like to make a motion to approve the agenda? Moved by the deputy chair that the Standing Committee on Public Accounts approve the draft agenda for today's meeting as distributed. Is there any discussion on this motion? Seeing none, all in favour? Any opposed?

Oh, we have Member Yaseen, who has joined us virtually. Member Yaseen, if you would like to introduce yourself for the record.

Mr. Yaseen: Good morning. MLA Yaseen, Calgary-North.

The Chair: Very good. Thank you, Member.

We will now move on to the approval of the minutes. We have minutes from the December 13 meeting of the committee. Do members have any errors or omissions to note?

Seeing none, I'll look to the floor for someone to move that the minutes of the December 13 meeting of the Standing Committee on Public Accounts be approved as distributed. That's moved by Member Pancholi. Is there any discussion on this motion? Seeing none, all in favour? Any opposed? Thank you. That motion is carried.

Now we'll move on to our guests from the office of the Auditor General, who are here to address the report of the Auditor General from November 2022 and other reports. Now, normally we would have 15 minutes of opening remarks between the ministry and the Auditor General. However, the AG has asked to have up to 20 minutes to make his opening remarks. We'll still follow the same structure subsequent to that of 15 and 15, followed by 10, 10, 10, 10. Are there any objections to this request?

Seeing none, we will now invite the Auditor General to provide his opening remarks, not exceeding 20 minutes. Thank you.

Mr. Wylie: Well, thank you very much, Chair and committee members. We might not take the 20, but I just wanted to give my Assistant Auditors General an opportunity to provide a bit of an overview of their work, so I won't be speaking too much. I'm not going to reintroduce the members at the table. I would like to introduce a couple of members sitting in the gallery, though, this morning. We have Karen Zoltenko, who is our business leader on the audit side. She looks after all of our audit methodology and makes sure we're on the straight and narrow with respect to how we're doing our work. We have Pam Appelman, who is my chief of staff, and then we have Cheryl Schneider, who is the head of our stakeholder engagement. I welcome them here today as well.

Thank you for the opportunity to discuss with you our November 2022 report. It's our most recent report, and as I said, I'll have a bit of a brief overview of the report, and then I'll share the rest of my time with the Assistant Auditors General. The information in the report before you includes highlights of the '21-22 audit of the consolidated financial statements. It includes the results of our most recent COVID work and a summary of the '21 financial audit results of school jurisdictions in Alberta.

The report speaks to the importance of public accountability and reporting to Albertans on program and financial results. It summarizes the results of our financial statement audits, and those results, actually, enable us to issue a clean audit opinion on the consolidated financial statements of the province this year, which is a very good thing.

The report also identifies opportunities to improve processes for better program and service delivery by the government. It also highlights opportunities for improved accountability to Albertans

for results achieved with public resources. Our office provides government decision-makers and Members of the Legislative Assembly, each of you individually and collectively here today in this committee, the findings and recommendations which, we hope, help improve the performance and promote accountability within government.

Now, we track and follow up on all of our recommendations, and our report includes a summary of those outstanding recommendations. Currently there are 110 outstanding recommendations. I am pleased to report that 22 of our previous recommendations have been implemented and that we made 16 new recommendations since the release of our November '21 report. You'll notice those in each one of the individual sections. They will be highlighted as "new." I believe the AAGs are going to briefly introduce those to you this morning. Our monitoring of those outstanding recommendations helps ensure that they are acted upon, and we do sincerely appreciate the efforts of this committee in helping advance the implementation of our recommendations.

With that, I'll pause, and I'm going to ask Brad Ireland to start off. Brad.

Mr. Ireland: Good morning, everyone, and thank you, Doug. I'll walk through the highlights of our audit of the government of Alberta's consolidated financial statements. Those highlights start on page 10 of our November 2022 report and include our audit opinion and the key audit matters. We issued a clean opinion on the province's consolidated financial statements, which means that we concluded that the financial statements are free from material misstatement and 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 matters are listed on page 14 of our report, and I'll touch briefly on those.

The first key audit matter was the government's investment in the North West Redwater Partnership. During 2021 the government restructured its arrangement with the Sturgeon refinery, and we examined the restructuring transactions and ensured that those were properly recorded and disclosed within the financial statements.

The second key audit matter was environmental liabilities. These are subject to significant judgment and estimation, and we examined how those liabilities are recognized and disclosed within this province's financial statements, the liabilities primarily from sites used by the ministry of transportation as well as the ministry of environment and parks and the Alberta Energy Regulator.

The next key audit matter I want to touch on is the electricity rebates to Albertans. The \$50-per-month rebates were announced close to year-end, and our focus was on ensuring that the costs of those rebates were recorded in the proper period.

The last key audit matter was the COVID-19 response costs and programs. We examined the financial support programs and response costs and ensured those amounts were properly recorded and disclosed within the province's consolidated financial statements.

The next audit I want to talk about is our performance audit of the COVID-19 capital stimulus initiative. The initiative was announced by the government in June 2020 and was part of Alberta's economic recovery plan. The government committed to spend \$1.6 billion on new capital and maintenance projects and estimated that that investment would create 7,500 jobs. Our audit approach looked at systems to design the initiative, deliver it, monitor the results, and report back to Albertans on the results.

We found that the department had effective systems to design, deliver, and monitor the initiative. Existing capital planning systems were used, which allowed the department to get the initiative up and running quickly and efficiently. We identified one

area of improvement, the reporting back to Albertans on the results of the initiative, and we found that the department's annual reporting did not include an analysis of whether the desired results of the initiative were achieved. The department's reporting focused on project spending and construction status. However, there was no reporting back on the number of jobs created by this initiative.

Those are my remarks. I'll turn things over to Rob Driesen.

8:10

Mr. Driesen: Thanks, Brad. My responsibilities are to provide oversight over our audit work in Advanced Education, Education, Culture, and the former ministries of labour and immigration and jobs, economy, and innovation. We issued no new recommendations from our 2022 financial statement audits of these ministries in our November report. We did issue new recommendations to some of these ministries earlier this year from our audit work, which we publicly reported in March and May. Most of the outstanding recommendations in these ministries have been made within the past three years. However, both Advanced Education and Education have relatively old outstanding recommendations dating back between seven to almost 10 years.

Advanced Education, including the postsecondary institutions, has the largest number of outstanding recommendations, at 16. As we've just recently completed financial statement audit work on the province's postsecondary institutions with June 30 fiscal year-ends, we will report the results of our 2022 audit work on all postsecondary institutions in our annual PSI report card in the first part of calendar 2023.

I would like to draw the committee's attention to performance audit work we did on the small and medium enterprise relaunch grant program, starting on page 87 of our November report. The objective of our audit was to assess if the department of jobs, economy, and innovation had effective processes to design, deliver, monitor, and report on that program. The program was designed with one significant difference from a normal funding program in that the department relied on applicants' assertions that they were eligible for the program and did not verify those eligibility assertions until after a benefit payment was made. That was reasonable given the need to quickly get money out to Albertans.

We found, though, that the department had not completed sufficient postpayment verifications to conclude on program applicant eligibility and recommended to the department to complete that process. It's important to note that our recommendation is not about the number of verifications that were completed but the sampling method applied by the department in doing their verifications. We found that the method used did not allow the department to extrapolate the results of their testing over the remainder of the population to be able to conclude the program recipient eligibility overall. Department management needs to determine what further verification testing work is required to conclude on program recipient eligibility and clearly explain to Albertans the results.

We also followed up on the department of labour and immigration's similar postpayment eligibility verification work on the emergency isolation support program, which we reported on in March, and included that on page 108 of our November report. There we also found that postpayment eligibility verification processes were insufficient to allow that department to make any conclusion on the extent of program recipient eligibility. We did not make a recommendation to labour and immigration to complete this process. Since applicants were not required to maintain support for their eligibility beyond April 2022, the department can no longer do further verification work.

I will now pass off to my colleague Patty Hayes.

Ms Hayes: Thanks, Rob. Good morning. For the last year I had responsibility for audit work in the ministries of Children's Services, community and social services, seniors and housing, Indigenous Relations, Municipal Affairs, and Justice and Solicitor General. This past year we did not issue any recommendations arising from our 2022 financial statement audits relating to any of these ministries, but I will briefly take you through some of the highlights of the performance audit work that my team has completed this year.

On page 37 of our November report we describe the performance audit that we completed at community and social services on their family support for children with disabilities program. We focused this audit on processes used by caseworkers to assess family and child needs and then to develop support plans. We selected these areas because judgment is required, and this increases the risk of inconsistencies occurring in program delivery across the province. In fact, the department released a report last December where inconsistencies in program delivery were a common theme.

Based on our audit findings, we made three new recommendations centring on updating guides for staff that support these processes, further developing training programs, and increasing effectiveness of oversight processes. Having good processes and tools to help reduce subjectivity and improve consistency will help eligible families receive similar experiences and outcomes based on their needs.

On page 80 of our report you will see we completed a new performance audit at the Ministry of Indigenous Relations on the effectiveness of reporting results for programs that support increased economic participation by Indigenous peoples in Alberta. The team issued one new recommendation to both this ministry and labour and immigration. The recommendation centred on the departments' setting targets, then analyzing and reporting on performance for these programs.

On page 103 of our report you will find the results of our assessment of five recommendations that we had made in 2013 relating to the controls supporting the office of the public guardian and trustee's management of client trust accounts. We closed four of the recommendations. However, errors are still occurring in important areas such as asset recording and financial planning, so we repeated the recommendation that the office ensure its policies and procedures are being consistently complied with.

Finally, on page 111 of the report we described the performance audit we completed at Municipal Affairs on their two COVID programs called MOST and MSP. Together under these programs the department issued \$1.1 billion in grants to municipalities across Alberta. One program was similar to existing municipal operating grant programs but was targeted specifically to help with the extraordinary costs and lost revenues related to the pandemic. The other program was intended to stimulate the economy and create local jobs by funding shovel-ready capital projects.

The department was able to use existing systems and resources to administer these programs, and we found that they had adequate processes in place to design, deliver, and monitor the programs. However, we did note that the department could have improved how they reported on the results achieved with these monies in their annual report. In fact, all of the COVID program audits that our office completed this year revealed a lack of robust performance reporting as a common theme, which is consistent with our June 2022 report, where we noted deficiencies in the nature of COVID-19 reporting in many of the 2020-21 ministry annual reports.

With that, I will hand it over to my colleague Eric Leonty.

Mr. Leonty: Good morning. For the time remaining, I wanted to highlight new recommendations we made to Energy, environment

and parks – now Environment and Protected Areas – and Health since the Auditor General's report released last fall. The details of these were included in releases from our office earlier in the year.

Firstly, for Energy, we completed a performance audit on the site rehabilitation program, and we did find that the department had done a good job when it came to designing, monitoring, and reporting on that program. However, one area where we found that improvement was needed and where we made a recommendation: to develop a risk management process that was commensurate with the level of funding involved, which was up to \$1 billion, the rapidly changing external environment related to the volatile energy prices and impacts from the pandemic, and the necessity of having key decisions supported and documented.

For example, one risk that the department was aware of was that the demand for the program was declining as energy prices and sector activity increased, potentially resulting in the program using less than the \$1 billion that was made available by the federal government. We do not see evidence of how the department evaluated this risk and what responses were considered to support its decision-making. A lot of that was done informally.

In Environment and Protected Areas we completed a performance audit on the pesticide management program, and we made three recommendations to the department. The three areas were to properly monitor risks, ensure that public information on pesticides is current and accurate as well as having suitable metrics to evaluate the program. A few of the key findings that that audit included were a lack of proactive inspections over the last five years, insufficient monitoring of pesticide application near water, and outdated and inaccurate public information on registered pesticide products.

Finally, to the Department of Health we made a recommendation to improve upon their grant management processes. This was in response to our findings when we examined the department processes around the grant to ARCHES. We found that the department did not have the necessary evidence to prove that it reviewed information received from the grant recipient and that the information submitted had been properly certified at the right level.

Overall, Health and Environment and Protected Areas continue to have a relatively large number of outstanding recommendations while in Energy we have seen the number of outstanding recommendations be implemented over the last few years. For all those recommendations where you've been notified that the departments are ready for follow-up, we are in various stages of completing that work. Thus, we're hopeful that the number of recommendations, particularly those that are older than three years, can be reported as implemented in the near future.

With that, thank you, Chair and committee.

8:20

The Chair: Thank you. Does that conclude the remarks from the Auditor General's office? Okay. Very good.

We will now move to the Official Opposition for a 15-minute block, please. Member Pancholi.

Ms Pancholi: Thank you, Madam Chair, and thank you to all of you for being here today and for your fulsome report and the opportunity to ask some questions about that today. I want to focus my questions today on the analysis in the report on the small and medium enterprise relaunch grant of jobs, economy, and innovation. Of course, I will be calling it SMERG for the whole time because that's how we all know it.

With respect to SMERG, on page 92 of the report it says, "Improvements should be made to monitoring and reporting systems." As well, it also includes the statement: "The department cannot currently conclude that the majority of [the] recipients were

eligible for the program.” As mentioned, these were sort of urgently made payments to try to keep businesses and Albertans sort of solvent in a tricky time, so we understand, of course, that the money had to flow quite quickly as a result of that. But I was wondering if you can provide some insight into, you know: what was the departmental explanation for not verifying eligibility, fully investigating that at a later date? Was there any explanation given as to why they didn’t really do that in a fulsome way?

Mr. Wylie: Rob?

Mr. Driesen: Well, they have done some work. On page 98 it shows the extent of some of the verification work that they had completed. There are lots of ways that you can do some analysis of the population after the payments have been made. There are lots of different sampling methods. What they’ve done is to stratify the population into a high-risk group and a low-risk group, and what we identified is that while they did some work on the high-risk group, there was nothing done on the low-risk in terms of any sort of sampling that was completed. So that’s why we identified, made the recommendation that more work needs to be done on that.

They had indicated, when we were doing our audit work, that they were still analyzing what they were doing with the high-risk group, because as you can see on page 98, they did identify that of the group that they did sample, there were a number that were found to be ineligible. That might not be representative of that entire high-risk group, so again more work needs to be done to assess what that means in terms of that category. But, you know, we did not see plans for any sort of testing within the low-risk group, so that’s where, like I said, we made the suggestion or the recommendation that more work needs to be done on that, because that does represent 96 per cent of the applications that had been approved.

Ms Pancholi: Thank you, Mr. Driesen.

That was going to be one of my comments, that the low-risk group or how they categorized the low-risk group is roughly about \$610 million of the \$650 million that was allocated for this program and that was actually distributed. You know, was there an explanation as to why no verification was done in the low-risk group? And, actually, also for my own interest, how did they categorize what was low-risk and what was high-risk? Do you have any sense of that?

Mr. Driesen: Yeah. I think that when it came to high-risk, it would deal with, you know, some of the organizations that had applied for the funding. Some of the sole proprietors, for instance, would maybe be a little bit of a higher risk group. Also, certain businesses in which – two of the main categories for criteria were that the businesses or the organizations needed to be able to demonstrate that they had to curtail or close their operations as a result of the public health orders and that their revenues had also decreased by 30 per cent. So there may be certain businesses within that category that were able to demonstrate that they might be at a higher risk. That’s how they tried to segregate out the two categories.

With the low-risk group, you know, there may have been maybe a sense that because they were assessed as lower risk, little or no work needed to be done on those applications. But as we point out in the report, it doesn’t really matter if you’ve categorized something judgmentally as low-risk or high-risk; eventually everybody needs to be eligible, and there are criteria set out in the program about what that is, so work needs to be done to kind of verify that case. And it could very well be that because they have

stratified it, that might impact how much testing they need to do in both categories, but testing does need to be done.

Ms Pancholi: Thank you, Mr. Driesen.

On that note, I mean, as you said, we all agree that there was an urgency to getting the funds out as quickly as possible, but essentially, given not only the small sort of sampling of just the high-risk applications and the zero sampling, really, of the low-risk, it appears that this program was essentially a pay first – we understand why we’d want to pay first – but there was no verification afterwards. Like, a pay first, verify never kind of program: it’s essentially what we’re seeing for a \$650 million expenditure. Have you seen something like that before in a program? Do you have any sort of past experiences where you’d say, “Yes, this makes sense, and we’ve seen this happen before”? Is this acceptable, I suppose?

Mr. Driesen: Well, it’s a unique situation. Have I seen that? No, but the pandemic created a situation where money needed to be sent out quickly. As I mentioned earlier, I think it is reasonable in terms of applying that sort of a process. We did see the same thing done in other jurisdictions, so it’s not something that was solely unique to what was done here in Alberta. Applying that sort of a process is reasonable under the circumstance; however, you then design the postpayment after to do some work to verify the fact that what controls you did have in place and the assertions that you were relying on were, in fact, reasonable.

In a normal program you would gather all that information first and then make a decision to pay somebody, so you get kind of 100 per cent coverage before the money goes out. Again, it’s reasonable that they didn’t do it in this case. You would only be sampling a portion of the population. The important part is that you need to make a sample that is representative of the entire population so that you can then extrapolate that result and identify just to what extent, you know, funding might have gone out to those that were ineligible and then making the decision about what you would do potentially on recovery of those funds or not.

Mr. Wylie: If I could supplement briefly. One of the things that we considered when looking at this was the consistency of the methodology and the application being applied, both to other, similar I’ll call them emergency situations as well as the ongoing requirement of other programs. It’s a very well-accepted practice to obtain support for grants. That’s applicable in the income support program, the AISH program, the Alberta seniors’ benefit program. It’s a requirement, for example, with Municipal Affairs, the monies that went out there, as well as the safe restart program in the Education sector.

What we’ve found, for example, just to provide some context, is that in those two other examples that I cite related to COVID monies going out, there were processes to look at the money that was being spent and what it was being spent on. For example, in the Education sector, you know, they even went to lengths to require schedules to be provided back to the department from the school boards who received the safe restart monies. What we were seeing in these particular programs, that Rob is identifying, is an anomaly with respect to the support that was provided to demonstrate the eligibility requirement being met.

Yes, you are correct: these are significant dollars. Having said that, we are in a unique time, and we go to great pains to explain that, yes, money did get out the door quickly, but at the same time I believe that Albertans do expect that, you know, there would be the same consistency of application of the requirements for

eligibility being met among the COVID programs as well as the existing programs within the government. I'll just leave it there.

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

I note in the report that it does say that management is considering next steps to assess these results. Do you believe that the department is going forward and taking the recommendation to perform that eligibility assessment and verifying those processes? I'm wondering if you think there might be some reason to bring the ministry back to report on that to this committee. This is what the committee does – right? – looks at those dollars and how they were spent. Do you think there would be value in having the department report on their progress since this recommendation has been made to the committee?

Mr. Wylie: I'll ask Rob to answer the first part, with respect to the dialogue with management, and then I'll come back and deal with the second part. Rob.

Mr. Driesen: The department accepted all of our findings, so they agree with what we found. Again, it's a determination of the next steps and what that would be. With the high-risk category, again because of how they've completed their sampling, they can't extrapolate this result across the rest of the high samples, so they're going to have to think about what to do next there and then what type of sampling they would do on the low-risk categories. So there is some thought that needs to go into that, what those conclusions are going to be and how they are going to do that. As I mentioned earlier, that's going to be important, that when they make those decisions, they report that back to Albertans so they can understand what they've done.

8:30

Mr. Wylie: With respect to the second part of the question in part that's why we have this report and take this opportunity to meet with you, for this report to be considered when determining the ministries that come forward to this committee. There's a subcommittee, I believe, still in existence. Certainly, yes, I think that our objective in bringing a number of these items forward is to look at learnings that were obtained through this period, and I think that would be very germane to exploring through this committee. I think it was, as Rob said, a unique situation, and to the extent that this committee can help with those learnings and benefit from those, I think that would be a worthwhile exercise, yes.

Ms Pancholi: Thank you to both of you.

I'm just going to follow up a little bit on – I mean, it's some relation as well – the comments and the report on the emergency isolation support program, similar challenges about, you know, verification after the fact. I acknowledge that the report indicates that it's somewhat too late now to go back because people weren't expected to keep their supporting documents for this long. But, again, I'm sort of looking for: what was the department's explanation for the lack of verification for the emergency isolation support program? Was there an explanation as to why it wasn't done after the fact?

Mr. Driesen: Work was done in terms of the small sample that they did send out. As we noted in our report, the information that did come back: there were only 41 respondents, I believe, that responded back and only a portion of those that could actually verify eligibility, so a very small portion. In the case of that program they did put a cap on how long people needed to retain the information of only two years, so you've got a very small period in which you need to complete that work and be able to conclude on that. Because that work was not done until a little bit into that two-year period, I

think it's more kind of a running-out-of-time situation, where the amount of work that they could have done, they might not have been able to complete. You know, I think it's probably best to go to the department and ask them why they made the decision not to do any more work, but I think that that was a factor in that, that by the time they had completed some of that and realized that more work needed to be completed, it would be an issue of whether they would have the ability to do that within the time period and get that information from individuals that received money.

Ms Pancholi: Thank you.

I mean, I think, then, it speaks to, as you mentioned, going back to the ministry and finding out why they didn't prioritize in that brief two-year period of time seeking to verify. That wouldn't be part of the audit process for yourself in terms of providing that explanation? That's not something – okay. Thank you. For those who can't see the visual, I'm getting a shaking of the head, so we can record that.

I'm running out of time in this block, but I do want to sort of touch on page 91 of the report, and hopefully I'll get some more time after the next rotation. Page 91 of the report states that with respect to the audit of the SMERG program "these findings serve as learnings for government in the design of future benefit programs." I think, you know, there are opportunities here to see how funds are delivered in these kinds of support programs like this in the future. Maybe I'll just put a bit of a pin in this because I don't think we're going to get much into the answer.

We know that, speaking of future programs, the Premier has recently announced that there are going to be support payments provided to individuals who meet certain eligibility requirements to help with affordability challenges, right? We know that there's going to be \$100 for every family with a household income of under \$180,000 and seniors under \$180,000 per month for six months. This is going to be rolling out in January. I understand that in mid-December, when the technical briefing was provided on this program, it hadn't yet been decided how that program would be designed in terms of: would it be that the payments, the systems, the portals, the verification data would be built by the government of Alberta, by the GOA, or would they outsource it to a third party? Really, the process of income verification hadn't really been decided on, and it's going to be rolling out next month.

I'm just conscious of my time. I'm looking at it right now. Maybe I'll just pause on that, and we'll come back to it in the next rotation because I want to make sure I get a fulsome discussion on that. So I'll leave that.

The Chair: Okay. Thank you, Member Pancholi.

We'll now move to the government side for 15 minutes. For their opening block we have Member Hunter.

For the record, just before you start, Member – sorry – we were joined by Member Panda. If he could introduce himself for the record.

Mr. Panda: Thank you, Madam Chair. Good morning, everyone. Prasad Panda, Calgary-Edgemont.

The Chair: Very good.

Member Hunter, the floor is yours for 15 minutes.

Mr. Hunter: Thank you, Madam Chair, and thank you to the Auditor General's office for being here. I have a few questions that pertain to this report, but I'm just wondering if I can get – I don't know whether you can answer these now. How many FTE staff does the office of the Auditor General have at this point?

Mr. Wylie: I believe the count is 145 right now.

Mr. Hunter: How does that compare to other years?

Mr. Wylie: We're a little less than last year. I believe we're one down.

Mr. Hunter: Okay. What's the staff-to-manager ratio?

Mr. Wylie: I don't have that information for you today, Member.

Mr. Hunter: Can you provide that for us?

Mr. Wylie: Member, the issues of – I wasn't prepared to talk to that. If you would refer to the Standing Committee on Leg. Offices, that is where we give a fulsome discussion on our operations, our results, our budget, our FTEs, and all of those. I believe there were some questions on that, and they might be on the record. Certainly, we could go back and look at the *Hansard* for what was discussed there, for sure.

Mr. Hunter: Okay. Sorry. You would provide that, or you have provided it? I'm not sure what you just said there.

Mr. Wylie: I'm not too sure if we've already provided that to the Standing Committee on Leg. Offices, who, as I say, actually explores the operations of our office, not necessarily the audit work. The division, as you're aware, is that that committee looks after the operations, assessing our needs, our budgets, our staffing, our results, and this committee looks after our audit results.

Mr. Hunter: How many staff are working from home versus at the office?

Mr. Wylie: It varies. The principle is – what's the word we're calling it?

Ms Hayes: Guiding principles.

Mr. Wylie: Yeah. We have these what are referred to as guiding principles. Essentially, for all employees the primary place of work is the office; however, recognizing that – and, secondly, of course, where we try and do most of our work is out in the audit field – not all of our auditees are actually working back in the office, in those cases the audit teams would have to work remotely depending on the individual projects, and then the rest of the time they would be working in the office. It really depends on the particular project, I guess, is the best answer I can give. Primarily, we are trying to work in the audit field as much as possible wherever the auditees are back in the office.

Mr. Hunter: Right. Now, the practice of working from home: is this because of COVID, or is that . . .

Ms Pancholi: Point of order.

The Chair: Sure. Yes.

Ms Pancholi: Thank you, Madam Chair. Under 23(b), speaking to a matter other than the question under discussion. The purpose of this committee today is to review the report on the audits completed by the office of the Auditor General. As the Auditor General has mentioned, the details of the office itself and its staff and how it operates is dealt with under the Standing Committee on Legislative Offices.

The Chair: Go ahead.

Mr. Turton: Yes. Thank you very much, Madam Chair. I think that the hon. member is simply asking you about the capacity of the Auditor General to be able to perform the work that we are discussing today. I think it's extremely relevant in terms of seeing that we have the appropriate human resources in place to be able to provide the information to the committee, so I think that this is just simply a matter of debate.

The Chair: There's no question that many of these questions are more properly in order at the Standing Committee on Legislative Offices; however, I think that if the hon. member wants to sort of, you know, ask these questions and then move on to some of the substantive audits, that's fine, and he should feel free to do so.

Please go ahead.

8:40

Mr. Hunter: Thank you, Madam Chair. My last question on this vein was, really, that question.

With so many additional spending programs rolled out these past few years, do you feel you have enough staff to audit these programs and spending envelopes?

Mr. Wylie: Yes. That question was asked at the Standing Committee on Leg. Offices with respect to our budget submission, and my answer was yes. The budget that we put forward was a realistic budget. It was designed around the audit work that we currently do and that we plan on doing. So, yes, we believe we have the resources to complete the body of work ahead of us in the next fiscal year.

Mr. Hunter: Right. The reason why I was asking those questions is because – I know that we're supposed to focus on the report here – I just wanted to make sure that it's fulsome enough as the work you do is extremely important to help the government be better at what they do. So that was why I was asking those questions.

On page 2 of the annual report it explains that the government had to respond with very time-sensitive and often one-time programs to support Albertans throughout the pandemic. The report also mentions that the Auditor General focused on COVID-19 response costs and programs. I'm pleased to see that your office found that the government department had processes to design, deliver, and monitor COVID programs and funding. What strategies were put in place by your office to be able to examine those one-time programs in greater detail?

Mr. Wylie: Thank you, Chair, for the question. When this COVID first came in and we knew we would be doing some work on it, we actually developed a bit of a framework, and that is what's outlined on page 2 of the report. That framework included a multistage approach to addressing the COVID expenditures and the implications of COVID on government and government programs. Essentially, what we determined to do is that we would break it down into a framework consisting of three. First, the financial transactions and those transactions that specifically were related to COVID: we made a point of looking at those through our financial statement audits and auditing those transactions, essentially, through the consolidated financial statement line on the work.

Next, we wanted to look at the accountability perspective. We called that the corporate accountability view, and that essentially was our June 2022 report, where we looked at the reporting within ministry annual reports on what was achieved with the COVID funding, what were the results for the dollars expended.

And then the third part of that was looking at it at a program level, and that's what you see in the results of this particular report, where we looked at specific programs: were those programs well designed,

were they implemented well, was there sufficient monitoring, and was there sufficient reporting?

That was the approach that we took as an office. It was a methodical approach, we thought, fairly comprehensive, and a three-part approach where, as I say, the third part is essentially looking at the programs that you see in this report.

Mr. Hunter: Thank you.

Page 3 of the annual report speaks about future COVID-19 audit work that will be released in the coming months. Can you update us and tell us more about what this work will look like?

Mr. Wylie: Sure. There are two significant pieces. Actually – you know what? – I’ll just ask Eric and Rob to speak to both of those. We’re in the finalization stage of those audits.

Mr. Leonty: Yeah. Within the Department of Health and Alberta Health Services we have quite a large performance audit. We’ve completed the examination work and are right at the final stages of wrapping up the reporting on the response at continuing care facilities. That scope includes everything from the planning, the monitoring, the communication, and the reporting involved related to that response. That’s something in the near future that we plan to release on the health sector.

Mr. Hunter: All right. Thank you.

Mr. Wylie: And Rob. Sorry.

Mr. Driesen: We’ve completed some work on the critical worker benefit program, so we are just in the final stages of finalizing everything related to our work on that. We’re also doing some work right now looking at the Alberta jobs now program.

Mr. Hunter: In the same vein as Member Pancholi’s questioning, there are more affordability programs that are coming out from the government. Do you feel that the work that you’re doing now is going to be able to help the government be better at rolling those out?

Mr. Wylie: I certainly do. I mean, we’ve had some good dialogue with the ministries where we’ve undertaken the work now, and hopefully that will be factored into the evaluation of what worked well and maybe areas for improvement and that those would be considered going forward with future programming, for sure.

Mr. Hunter: Okay. On the summary of recommendations on page 5, I noticed that a few ministries have no new implemented or outstanding recommendations. In fact, the Ministry of Culture, seniors and housing, Executive Council, and the office of the Legislative Assembly all have no recommendations from your office. Is it normal for some ministries to have no recommendations?

Mr. Wylie: Short answer: yes. You know, the recommendations result from the work being conducted, and given the assessments of where we’re going to be directing our resources, some ministries may receive more audit effort than others. For example, we would be looking at larger spend ministries such as Health, Advanced Education, et cetera.

One of the things I would mention is that we are rolling out as part of our recent business plan, that, again, we had a really good discussion on, I think, this notion of a recurring body of work. We are implementing a rotational cycle where we will be looking at grant programs at all ministries, we will be looking at contracts at all ministries, and we will be looking at results reporting at all ministries. Those’ll be a rotational cycle, so every ministry can

expect to see us at least once within a three-year cycle. We’re working out the details of that. Again, the reason why: a significant part of the government business is done through grants, contracts, et cetera.

Short answer: yes, some ministries you can see less audit work than others, depending on the risk residing at that ministry.

Mr. Hunter: You say that it’s dependent upon the risk of that ministry. Does the size correlate with the number of recommendations your office usually provides?

Mr. Wylie: When we’re looking at audits, where we’re going to be doing audit work, as I say, there are so many factors that come into play, but part of it is the nature of the operations and the spend. Certainly, we would want to be directing resources in auditing where there are significant spends of taxpayer dollars, but then we also look at certain other areas that would pose risk not only to the delivery and success of delivery of the program but to health and safety and welfare of Albertans, the safeguarding of assets, et cetera. That also really directs the nature and extent of work that we would be doing. Environmental: Eric mentioned one audit where we looked at pesticide management. That was an issue determined to be related to safety of Albertans. We heard from a number of Albertans with respect to that. Our work is driven by a number of factors. We receive – I believe last year it was 144 – direct requests from Albertans, and then of course there’s input from the MLAs as representatives of all Albertans. A number of factors, I guess, direct the nature of our work, Chair.

Mr. Hunter: Thank you.

On page 10 of the annual report it says:

It is our responsibility to express an independent opinion that provides reasonable assurance that the consolidated financial statements are free of material [statements] and are fairly [represented] in accordance with [public sector accounting standards].

Are there any metrics that your office uses to define “reasonable” in this context?

Mr. Wylie: Reasonable materiality. Yes. The financial statement audits are driven around the concept of materiality, and that’s a numeric number that is determined. That in large part determines the extent of audit work and audit coverage that is required to be able to issue an opinion to provide that coverage. It kind of goes back to the line of questioning around the EIS and the SMERG programs. When we were looking at that – Rob mentioned, you know, the methodology used to do coverage of high risk, low risk. Well, in that particular case the issue is: what’s the methodology and the coverage to enable them to extrapolate the results over the population? Short answer: materiality is a significant aspect as well as disclosure in the notes that helps readers understand the nature of the operations and a disclosure of the nature of the transactions in the financial statements.

8:50

Mr. Hunter: Okay. How often would you say mistakes and misstatements occur on financial statements?

Mr. Wylie: Well, there are a number of, I guess, mistakes. You could categorize them as mistakes, categorize them as opportunities for improvement in disclosure. It varies, I guess, in severity and nature.

Where we get concerned is when the magnitude of those mistakes gets to that level of significance that would warrant an adjustment by management or where there would be a requirement to change the disclosure in the financial statements to ensure that what is

being represented and presented to the user of the financial statements clearly reflects the underlying transactions and substance of the transactions. It's when either of those two are reaching – you know, on the materiality side the dollar amounts become significant, and on the disclosure side there's clarity of disclosure so that the reader will understand the magnitude of transactions.

The Chair: All right. Very good.

We will now move to the Official Opposition for 10 minutes, please.

Ms Pancholi: Thank you, Madam Chair. I'm just going to follow up on the questions I began in my last block. Thank you to MLA Hunter for bringing forward, sort of carrying on some of those conversations around the learnings from the SMERG and the emergency isolation payments, what that can take forward into the affordability payments that will be rolled out next month. I mean, again, these are different contexts in the sense that we're not going to be looking at an emergency situation like we were with SMERG and with the emergency isolation, and of course we've seen some challenges here with verification after the fact with those two programs. What advice would your office have in terms of how to ensure that only eligible recipients get the money under these affordability programs that will be rolled out next month, based on what you did in these audits?

Mr. Wylie: Well, I think, going back to – the primary issue here was, you know, ensuring eligibility of grant recipients, which I think is commonly accepted as the right thing to do, with juxtaposing, "We've got to get the money out the door quickly," which was the issue here. I don't know. One of the things that could be considered is maybe still requesting supporting information but not necessarily having to review all of that information prior to payment. At least then the organization would have the information so that at a later date they could go back and review it and analyze it and verify eligibility.

One of the issues that Rob identified here was that there was a time limit. I think that, to the question that was posed earlier, "Why didn't they follow through?" well, maybe – and I'm not speaking for them because it hasn't been described to me – one could assume that time got away on them a little bit. They had a time restriction, they didn't have the information in hand, and away you go. Whereas if you have the information, that doesn't mean you necessarily have to slow down the process: obtain it; if you want to pre-issue, go right ahead, but then you have the information. That's just one thing that I'd just off the top maybe say. I really haven't done a thorough analysis of all the, you know, potential changes.

I don't know. Rob, was that in any of the discussion that – did you explore that?

Mr. Driesen: No. As we've indicated in the report, I think that the department really needs to think about those lessons learned and what they can do. As the Auditor General has pointed out, one of the things about the postpayment process is requesting all that information from individuals later, which is time-consuming: maybe not everybody responds; trying to gather that up and then the results of that; figuring out what to do when you don't get responses. By asking for that information up front, when people are applying, and getting all of that, you can hold that and then decide whether you would examine some of that. You would have that information available, so that potentially could speed up the process.

Mr. Wylie: Sorry. If I could – Patty just wanted to supplement.

Ms Hayes: Yeah. I just have something to add. When we did the COVID audits at Municipal Affairs – this was giving grants out to municipalities using systems and resources that were already in place, so it was a much smoother process for them. I would say that going forward, wherever possible, if the departments, ministries could use existing processes and systems, existing data banks that are already in place, that would be something that would probably help a lot in terms of verification.

Ms Pancholi: Thank you. That's very useful because I think, when we're thinking about these affordability payments coming out and the lessons learned from the audit reports here – we know that, for example, the \$180,000 household income threshold that has been used and put forward by the government was based on the child care subsidy model, which also has a top income threshold of \$180,000. When you talk about existing systems, certainly using an existing system – and in that case, the child care subsidy model, to verify household income they rely on CRA income data, right? Speaking to Mr. Wylie's comments about eligibility and speed, well, when we're talking about eligibility being based primarily on household income for the delivery of these methods, it would make sense, then, to use – for example, CRA already quickly verifies household income. As well, that's used already in existing systems under the child care subsidy model. Would that be, I mean, a quick way to sort of determine eligibility when it's based on income? Would that make sense to you as the Auditor General's office?

Ms Hayes: Yeah. I mean, even within the ministries they have their own data banks on folks who are in AISH and income support, the number of children. That information is already there; it would be a matter of updating it to current status. There are banks within the ministries themselves already that could be used and systems that are well supported and have been in place for a time that could also be used, so it's not a matter of creating new systems, new processes. That's where I would say that the efficiencies are there to be gained.

Ms Pancholi: Would you say that it's not just efficiencies; it's also about accuracy – right? – to determine actual eligibility or verification for programs?

Ms Hayes: Yes. Correct.

Ms Pancholi: Do you have any sense, then, of – when we heard from the department on this program, potentially, that's going to be rolled out next month, they weren't certain they were going to be using the Canada Revenue Agency household income model. Do you have any sense why they would choose to go or try to use a different eligibility or income verification process other than CRA for this kind of distribution of a program?

Mr. Wylie: I have no information at all.

Ms Pancholi: Thank you.

I'm going to cede my time over to my colleague now, MLA Schmidt.

Mr. Schmidt: Thank you very much. I want to focus on the analysis of the COVID capital stimulus initiative, detailed on pages 138 to 150 of the report, that involved \$2 billion in spending. The stated objective of the plan, as you note on page 143, was "to create jobs." This was a message that the government repeated over and over again. But you also note on page 144 that Treasury Board and Finance

did not measure the actual number of job created – despite adding projects [during the program] . . .

And you note that TBF

did not validate the job-creation estimates that the modelling tool produced with actual job creation data nor did they update and re-run the model [as circumstance changed].

That's a quote from your own report. Did the department have an explanation as to why they failed to measure the only outcome that it put forward as a measure of success for this \$2 billion in spending?

Mr. Wylie: I'll ask Brad to speak to that.

Mr. Ireland: I would just say that, no, we didn't get an explanation as to why they didn't measure that.

Mr. Schmidt: Is that a usual response? Like, when you go and audit programs, significant spending programs like this, and they only put forward one measure of success for the program and then they don't actually track that measure: is that frequently done in government, or is this an unusual circumstance?

Mr. Ireland: I mean, I guess I would say that our general expectation is that where there is significant spend on programs or initiatives, the objectives of that would be clearly defined and that there would be reporting back on it. Working at a high level, that would be our general expectation around significant spends.

9:00

You know, I think what you'll see from our July report of 2022 there, when we did look at reporting back on objectives and whether or not those are achieved, is that what we typically find is lots of reporting on dollars spent, but if there are other objectives related to programs, sometimes the reporting on that, we generally find, could be improved.

Mr. Schmidt: You note on page 147 of the report that "since 2020, departments have not consistently submitted quarterly Capital Plan reports due to staffing shortages" and that that has resulted in a lack of information for Treasury Board and Finance to evaluate initiatives throughout the year. So since 2020 that's roughly \$20 billion in spending without adequate oversight. You noted that the government didn't really provide an explanation for this failure to do its basic due diligence. Can you explain to the committee what the risk to taxpayers is of the government failing to do its due diligence in this case?

Mr. Ireland: What I would say is that in terms of the capital projects, you know, the government has a capital planning process that it uses annually to produce its budget, and what we found in this case was that a lot of the processes and systems used to obtain information on capital needs and review that information and make decisions on capital projects was similar to the regular process. So in terms of approving projects, we didn't see a large risk there. Annual reporting on projects and dollars spent: we saw that that was happening. There was reporting on capital construction projects, again not a . . .

The Chair: Thank you, Mr. Ireland.

We will now go to the government side for 10 minutes, please.

Mr. Turton: Yes. Thank you very much, Madam Chair, and thank you very much, Mr. Wylie, for coming before us with the rest of your team here today. I guess just a couple of quick questions regarding school jurisdictions. It says that "the total number of recommendations" for schools has "plateaued over the past three years." However, it is well below the 188 outstanding recommendations from 10 years ago, as listed in the annual report. I just wonder

if you can expand upon: what has made it possible for this number to decline?

Mr. Wylie: Well, I can't comment specifically on what's given rise to the decline, but it would be, you know, improved processes. We highlight in that section of the report – and I believe you're referring to the Education section and 19(4). We categorize and break down the recommendations into several groups there. One is findings and recommendations relating to financial reporting and oversight processes within school jurisdictions, the internal controls area, so how well those internal control mechanisms are working, and then the information technology and management recommendations.

I guess what I would surmise, Chair, would be that, you know, there have been improved mechanisms to prepare the financial statements, to report the financial transactions with fewer errors; that the internal controls have improved within those organizations, resulting in fewer recommendations; and that information technology issues, again, would be better managed within the school jurisdictions.

A recommendation is a result of a finding, and you have a finding when a criterion is not met, so there is that linear relationship. I would suggest that each one of these process areas has improved. I believe it was a 10-year period where we said that it was about 190, and it's down to 95 or something like that. So, yeah, there's been a significant reduction in the number of recommendations over that 10-year period.

Mr. Turton: Excellent. Always nice to see that level of improvement over the last couple of years. It kind of addresses many of your concerns.

I know I have a number of other questions, but I know a number of my colleagues are very anxious to ask their questions as well, so I'd like to cede the rest of my time to MLA Toor to ask some questions.

Thank you very much.

Mr. Toor: Well, thank you, Chair. I just wanted to start by saying thank you to the Auditor General and his department. I really appreciate the work you do in keeping the government accountable, especially when it comes to spending Alberta taxpayers' dollars.

I will start my question on pages 59 to 61. They outline the recommendations from your office to the Ministry of Energy. There is one new recommendation, four implemented, four ready for assessment, and two not implemented yet. Some of the recommendations include general goals such as documenting risk management, developing performance measures, and ensuring board oversight. My question is: can the Auditor General explain what factors will be assessed to determine that these implemented changes are satisfactory, especially for those four recommendations ready for assessment?

Mr. Wylie: Thank you, Chair, for the question. Well, our process is that for every recommendation there are supporting criteria that give rise to that recommendation, and that's where you have criteria that have not been met. In each one of these we would go through and assess the individual audit criteria that resulted in that recommendation. That's what we would be re-examining. I don't have those specific criteria.

Maybe I'll ask Eric. If you could provide just a bit of a flavour of what's behind those individual four.

Mr. Leonty: Sure. Those four recommendations stemmed from a performance audit we did in 2018 related to risk management processes to oversee the processing agreement related to the Sturgeon refinery. Actually, this is work where we've completed the

examination of the follow-up, and it's something we plan to be reporting on in the near future.

In this particular case, as Doug was describing the process, you know, we had received an implementation plan that outlined the actions that APMC was going to take to implement, and that really, you know, guides our work to see if those are in fact done.

I'd also mentioned, with Energy, that that was a ministry where we've seen a number of recommendations implemented over the last couple of years. Four were implemented this cycle, and those related to recommendations we made as a result of our ICORE examination, and then, actually, in the prior year there were five recommendations implemented by the Alberta Energy Regulator related to pipeline safety and reliability. So we are seeing a good trend there as far as recommendations being implemented.

Then the final one, as far as what's not ready for assessment yet and certainly one that we hope to follow up on soon, is around environmental liabilities, and that's what both the departments of Environment and Protected Areas and Energy are working together on to resolve. Actually, maybe more specifically, it's not the Department of Energy but the Alberta Energy Regulator that is working with Environment and Protected Areas.

Hopefully, that helps.

Mr. Toor: Yeah. Thank you.

On page 38 of the report you provide three new recommendations to Alberta community and social services, more specifically to the program of family support for children with disabilities. All three recommendations relate to staff, including their ability to assess needs and to complete support planning. My first question is: given that all three recommendations relate to the same issue, can you provide more information on how you were able to identify this problem?

Mr. Wylie: Well, I'll just speak at a very high level, and then Patty can supplement. At a very high level we had – the scope of the audit was to look at a program, which we did, and then within that scope we identified three particular areas of focus that we would be looking at to see that certain aspects of that program are operating effectively. That's really what you're seeing here.

You know, the first part was dealing with the consistency of application of the program, and there what was determined was that part of the criteria would be that there should have been sufficient guidance provided to the staff, and it was determined that there were some opportunities for improvements relating to that guidance provided by staff and also relating to the consistency of the rates that were being applied within the province. There were certain zones that had identified some common rates that would provide some consistency but, again, other zones within the province where there was no – what's the word I'm looking for? – best practice rate, if you will, within that zone.

When we're doing a performance audit, we're looking generally at a program and then identifying specific aspects of that program. That's what you're seeing here, the three elements of what we looked at: the guidance provided, the training – that was an important aspect to ensure consistency of practice – as well as, then, the oversight, so the review of the work that is being done. There was opportunity for improvement in each of those three areas.

Patty, do you want to supplement? Did I miss anything?

9:10

Ms Hayes: Sure. All I would add is that we did focus on, specifically, the assessment process and the creation of the plans. We knew from the department's own work that there were inconsistencies in program delivery. Depending on who your caseworker was and

where you were going in the province, there were differences in what eligible families were receiving in terms of support and services. The department explained to us that the tools that they used to create consistency included these guides, training, and oversight, and that's how we specifically narrowed down our scope to look at those processes and how effectively they were working for the department, and we were able to then give some recommendations to them to improve that consistency.

Mr. Toor: Well, thank you.

I think most of my question you answered, but still another question: did your audit find any evidence of serious issues arising from this problem, or are these simple recommendations based on the best practices?

Ms Hayes: Well, I would say that there were concerns that families who were equally eligible were not receiving similar supports and services for their children. Insofar as that's a serious issue, I would say that there were some serious issues within the program. We focus all of our work on risk areas and where we can add the most value, so in our determination that was an area worth looking at, where we could add some real value for Albertans.

Mr. Toor: Thank you.

The Chair: Thank you, Member Toor.

We'll now go to the Official Opposition for 10 minutes. Member Pancholi.

Ms Pancholi: Thank you, Madam Chair. I just want to follow up a little bit on the questions I was asking earlier. I was thinking about your responses about how to best distribute income-tested program supports to Albertans. Of course, we don't have existing programs that are used to deliver this kind of support to 2 million Albertans, which is what we're looking at with the affordability program. You know, it seems pretty clear that even the government of Alberta, with its current income-testing programs, relies on the CRA to kind of make that income assessment. That's usually the best and, you know, an efficient way to monitor and report standards for these dollars being distributed.

In your opinion, what kind of resources would be needed – staff, system development, all these pieces – to replicate the sophistication of the CRA's income assessment processes at the GOA level? I mean, that's really what we'd be looking at if the government chooses not to go with the CRA to distribute income-tested supports. Based on your experience, what kind of sophistication – resources, systems, staff – would be required to deliver that same kind of programming through the GOA?

Mr. Wylie: I couldn't answer that question today. I just don't know the level of resources. That's my short answer.

Ms Pancholi: Thank you.

Do you know of any programs within the GOA that are based on income that use something other than the CRA to assess eligibility?

Mr. Wylie: I'll look to the table. Patty?

Ms Hayes: The income support and AISH programs and the seniors' support programs: they do, you know, request that information specifically directly from the applicants. They don't, as far as I understand, also go to the CRA for confirmation of those amounts.

Ms Pancholi: Thank you.

For those programs, though, you certainly wouldn't see the number of Albertans that we're looking to distribute to in this case,

right? For 2 million Albertans, I mean. Those programs you just listed are much smaller programs serving – you know, the GOA wouldn't be holding data on 2 million Albertans with respect to their income. Would that be correct to say?

Ms Hayes: As far as I'm aware, that's correct.

Ms Pancholi: Okay. Thank you.

I will, then, cede my time back over to MLA Schmidt.

Mr. Schmidt: Just going back to the questions around the capital projects, on page 147 the Auditor General's report notes that you did some testing on these projects. The testing confirmed that Treasury Board and Finance "did not obtain detailed information on the status of projects, such as the anticipated completion date, construction phase, or detailed [variances]" by quarter, as is usually done. It seems to me that basic good governance is falling to the wayside here. How can the government of Alberta assess value for money or even the timing of cash flows if it isn't properly tracking the billions of dollars in capital spending from 2020 to the present? Isn't that a huge risk to taxpayers?

Mr. Ireland: I would say that, from a financial point of view in terms of tracking the spend, you know, we saw good processes on that. In terms of tracking the projects' status, I think that's what we're talking about here. Where this maybe comes into play with the stimulus programs is that you're interested in the timing of that spend and the status of those projects and when they're starting because you're trying to stimulate the economy during a particular period. So if you're not gathering that information quarterly, it sort of prevents you and prevents – it'd be preventing staff at the Department of Treasury Board and Finance to ask questions about the status of those projects.

Just to be clear, those projects would be delivered at Infrastructure or transportation, at school boards, different projects, and they would have detailed project management information, but if that information is not shared with Treasury Board and Finance quarterly, it would prevent staff there from asking questions about the timing and the completion dates and the flow of funds around those projects. But from, like, an accounting for particular dollars spent in quarters, I wouldn't have any concerns with the tracking of those dollars, but it would be tracking of the status of those projects.

Mr. Schmidt: I want to go back to the signature goal of the COVID capital stimulus initiative, which was to create jobs. We know that Treasury Board and Finance didn't track that, so there is no ability to measure the outcome, despite the government consistently telling Albertans that they knew how many jobs they were creating. On page 147 of the report you conclude by noting, "Additionally, the department does not plan to evaluate the initiative after it has ended." So no real-time tracking on the objective and no after-the-fact evaluation. Why would the government not do that? Is that not a best practice to even do a post hoc evaluation on the success of the program?

Mr. Ireland: Again, the reasons why, I guess – I think you would have to ask the department. Our general expectation around the COVID programs, because a lot of them were one-time programs, is that at the end of that, you would do an evaluation, so sort of a post-program evaluation and, you know, what did we learn from this? With the capital stimulus program, I think their thinking is that that just sort of folds and rolls into the overall government capital plan, so it's not any different than the capital plan spending that we have annually. That seemed to be the reason we were provided with for why a separate evaluation wouldn't be done of this compared to

some of the others like the emergency isolation support program or the SMERG program, where it's sort of a one – call it a one-off type program.

Mr. Schmidt: I want to ask about strategic projects that were included in the COVID capital stimulus initiative: 11 strategic projects were put forward, but critically, as you note on page 145, four of those 11 projects were approved by cabinet ministers with zero evaluation process from Treasury Board and Finance. On page 149 you identify those projects. First, can you confirm that I've got the numbers right? There was \$301 million worth of projects approved by Treasury Board committee of cabinet with no evaluation by the official experts in Treasury Board and Finance.

Mr. Ireland: Yeah. I'm just trying to do quick math here. Yeah, I think that would be correct: \$301 million for those four projects.

Mr. Schmidt: Let me just say that I'm very relieved that the Assistant Auditor General can do quick math at the table.

In your auditing can you think of any recent examples where multiple capital projects worth a combined \$300 million were approved by a committee of cabinet with no evaluation by the department?

9:20

Mr. Ireland: What I would say about these is that, yeah, there was an evaluation criteria used by the department to review all of these projects. There was, you know, a request out to departments that came through, 500 projects came back, and an evaluation process was done to rank and assess those and prioritize spending. So, yeah. For these four particular projects, they were brought forward directly to Treasury Board committee and approved without going through the evaluation process by the department staff. Now, that's not to say that these projects aren't needed or that they're not necessary, but they weren't – when we were looking at the process and how they were allocating those dollars, they didn't go through that evaluation process that the department had developed.

Mr. Schmidt: Do you have any insight as to why that system of government broke down? I mean, I know that politicians come forward with pet projects all the time, but the role of staff and the civil service is to provide some kind of objective evaluation, and that didn't seem to happen in this case. Do you know why?

Mr. Ireland: In this case what I would say is that, you know, these projects may have been evaluated by department staff. There are projects here from transportation, and I have no doubt that transportation had done work on that. What we're saying in our report is that those projects weren't evaluated by the Department of Treasury Board and Finance staff that are responsible for capital planning.

Mr. Schmidt: Do you know that transportation did the evaluation, or are you just surmising that?

Mr. Ireland: These projects would have – we didn't look at those evaluations, but these projects would have been on . . .

The Chair: Thank you.

We'll go over to the government side, please. It's Member Lovely. Go ahead, please.

Ms Lovely: Thank you so much, Madam Chair. On page 5 of the report there's a table showing that Alberta Health had 16 outstanding recommendations that are over three years old. Many of these recommendations date back as far as 2014, before the NDP was in

office. Can the Auditor General please explain if there are any procedures in place to monitor the progress?

Mr. Wylie: Yes. Our process is, first off, that we follow up on all of the recommendations that we make. The process is to ensure that when we're doing our follow-up work, we're aligned with the activity at the department and we're going in at the right time. What we request is that there's, you know, an action plan that's developed for how the department would deal with the specific recommendations. Based on that action plan, that would determine the timing of when we would be going in and doing our follow-up work. There are circumstances, though, where we'll go back maybe given the nature of a recommendation. Sometimes the departments will ask us to come in and do an interim look, so to speak.

The point I'm trying to drive to, though, is that we follow up on all of our recommendations, and when we do that work, it's best to do it when the department indicates that they're ready, that they have implemented the recommendation. Then they demonstrate how they have implemented that recommendation, and then we will come in and make an assessment if their assertions are correct.

Eric, did I miss anything?

Ms Lovely: Thank you. I was just going to move on to my next question.

Given the significant delays on these recommendations, has your office identified specific obstacles to make progress on these items?

Mr. Wylie: Eric?

Mr. Leonty: As far as the suite of Health recommendations, there's one grouping there where we're in the middle of doing the follow-up work around chronic disease management. Some of those recommendations, you know, did take a fair bit of time for the department and Alberta Health Services to implement, and in some cases, certainly, understandably so because they're quite substantive and broad recommendations to implement.

We're in ongoing conversations about the progress of that work and whether the actions are being completed. Obviously, the results of all the various follow-up work is to come, but I'm hopeful to see that the greater-than-three-years number will decline over the coming years as we're able to report on chronic disease management. As well, there are three outstanding recommendations related to seniors' care that we'll be reporting alongside our COVID-19 response and continuing care. So there are a couple of pretty major areas where it's taken a little bit of time, but the follow-up work is largely completed.

Ms Lovely: Thank you so much for the answer.

On page 71 of the report you recommend that the Department of Health improve its grant monitoring process. Can the Auditor General explain what contributed to this new recommendation being made and what metrics you'll be using to measure whether the Department of Health has made progress on this goal?

Mr. Leonty: That related to some of the comments I made in my opening remarks. We were looking at a grant that was provided to ARCHES. As part of that work, when we were looking at the process, we did identify a couple of areas that could be improved that applied more broadly to the grant management processes within the Department of Health; primarily, there being evidence of financial information that's received by recipients, evidence that that review has actually taken place.

The other element to that was that there is a requirement that there's a senior financial officer from the recipient that signs off on

information that's submitted to the Department of Health, and one of the things we identified through this was that it wasn't always necessarily clear if the department knew if the person signing off had the necessary qualifications or that position. Part of where the risk arises there is that you have some smaller organizations where you know the department may need to recognize who might be in a position to be able to do that but they lack some of the information to know that. So we felt that it was appropriate to make a recommendation there to help improve the grant management processes overall.

Ms Lovely: Thank you so much.

With that, I'll cede my time to MLA Singh.

Mr. Singh: Thank you, Madam Chair. I would like to thank the Auditor General and the officials with him for being here today. I appreciate all the work that has been done by your office in ensuring government ministries are working within the bounds required for efficient and effective public service. My question relates to environment and parks. On page 64 of the report you provide three new recommendations to Alberta environment and parks. All three of the recommendations relate to pesticide management, with the first being that the department "regularly assess risks from non-compliance with pesticide laws and employ compliance monitoring processes to mitigate the identified risks." What are some of the obvious indicators of noncompliance with pesticide laws?

Mr. Leonty: That recommendation – recognizing that Environment and Protected Areas has a lot of different areas that they're responsible for, you know, resource scarcity is not uncommon. That certainly requires a greater focus on risk, to decide what work you're going to do and where. In the case of pesticides what we had found was that a lot of the noncompliance or complaints resulted in a lot of reactive type of work, and really there was a dearth of any proactive types of inspections. Obviously, you can't inspect everything and everyone – that's certainly not cost-efficient – but having some risk framework to decide what you're going to look at proactively was the driver behind that recommendation.

There are a number of different potential areas for noncompliance. One that we do report on, that is often very top of mind, is the use of pesticides near water bodies. There are specific requirements for when that work is done based on what the weather is and those types of things, and we found that there were deficiencies there and some areas of noncompliance. There is really a wide range of things that could result in noncompliance, but there are particular focal areas that I think warrant a risk-based look.

9:30

Mr. Singh: Thanks for the answer.

How much will these indicators need to be expanded in order to better assess the risk of noncompliance?

Mr. Leonty: Sorry. Could I ask for a repeat of the question? I missed the first part there.

Mr. Singh: Yeah. How much will these indicators need to be expanded in order to better assess the risk of noncompliance?

Mr. Leonty: Yes. Understood. Well, that is actually part of what the department will have to establish as they're implementing the recommendations, the various, you know, inherent risks that are in place related to their regulatory work on pesticides and then deriving the appropriate response to that. That is actually part of – I presume it would be part of what they're doing as far as their actions towards the recommendation.

Mr. Singh: Again thanks for the answer.

Can the Auditor General confirm that there was a particularly higher rate of noncompliance with these pesticide laws?

Mr. Leonty: As part of the testing we did, I mean, we could see where, you know, noncompliance, whether through complaints or whether there was information supplied to the department that indicated there was noncompliance – there was sort of a follow-up process for that. I did already mention specific work we did to look at use around water bodies and some of the reporting that those that are using pesticides have to provide. We did find some non-compliance there.

Also, another key item that arose was just the listing that needs to be, you know, regularly updated to ensure that only registered products are on there and that only registered products are actually being used. We found some issues where it looked like products that were no longer on the list were actually being used, and the department had to go back to make sure if that was, in fact, an illegal product used or it was an error in their data. There's a little bit of cleanup that had to take place at the department as well to make sure that they had all that correct information. Ultimately, our approach was to look at the process and how that was functioning. We did also want to recognize that – I mean, it's not like they can throw an unlimited number of people at regulatory activities for pesticides – they're designing a good process to capture those risks and appropriately respond to them.

Mr. Singh: Thank you for answering my question here.

Once again, I express my appreciation to the office of the Auditor General for all their efforts in ensuring that the accounts of government ministries are in order. Thank you.

The Chair: Thank you, Member Singh.

Fourth rotation, then. Over to the Official Opposition, please.

Mr. Schmidt: Thank you, Madam Chair. I just want to dig into the capital projects again. Just to be clear, the Auditor General's office didn't actually look at transportation's evaluations of the projects that were put forward as part of this COVID capital stimulus initiative. Is that correct? You just looked at Treasury Board and Finance's analysis of the projects.

Mr. Ireland: Yeah. For those four projects, what I can say is that we did not go to the departments of Health, transportation, or Education and look at, you know, the amount of work they had done on those projects.

Mr. Wylie: If I could just supplement. Again, back to when we're doing an audit, we scope an audit and what's in scope. In this case we were auditing the process at the Department of Treasury Board and Finance that it was using. What you're seeing here is that we're identifying where there were exceptions to that process. We're identifying those and highlighting those. We weren't auditing in this audit processes used by transportation or other ministries. The expectation was that they'd be following the process, and where they weren't, we'd bring forward the exceptions and report those.

Mr. Schmidt: I guess my concern is that, for example, there was a \$120 million road, the expansion of highway 11, that ran right through the minister at the time's constituency, the former vice-chair of the Priorities Implementation Cabinet Committee. Now, this was a \$120 million project that was spent with no evaluation from Treasury Board and Finance. You know, what additional information, I guess, would the people of Alberta need to know to make sure that this wasn't just pure pork-barrel politics on behalf

of the now Member for Rimbey-Rocky Mountain House-Sundre? Like, I understand that you just evaluated Treasury Board and Finance's process. This was an exception to the process that you identified. The Auditor General hasn't yet gone back to Alberta transportation. What question would somebody looking into this need to ask to make sure that this was a project that merited construction and not something that was just a pet project by the minister?

Mr. Wylie: Again, we would cite the criteria that are being used with respect to the specific program to determine whether they, you know, met that criteria, if you will.

I just want to take this opportunity to loop this back to the performance reporting. Again, this is an opportunity where, if this program – there was reporting back on the effectiveness of this program and the efficacy of its operations. This would be an opportunity for management to describe exactly what happened here and what process those projects went through. Again, I think we're trying to highlight the importance of performance reporting. It's not a perfunctory task. It's an opportunity to help inform so that, quite frankly, members such as yourself and Albertans aren't asking these questions: what's going on here? There's an opportunity to describe fully – and we're not saying that anything nefarious is going on. Again, our point here is that you had a process, and in four particular cases it was not followed. It's not for us, quite frankly, to be answering that. That's an excellent opportunity where performance reporting is a great opportunity.

We had included in our performance report, I mentioned earlier when we met with the committee, that there were certain performance measures that we did not meet. We did not achieve targets in one particular area, but it was an opportunity for us to describe why, right? And then, if there are further questions, we're prepared to answer that. I think that this wholesome notion of performance reporting is a great opportunity to help inform and to deal with the types of questions that you're now asking, Member.

Mr. Schmidt: Just one final question from me. Noting that the process had some exceptions here and that transportation could have done the analysis, is that going to be the work of some future investigations by the Auditor General? Will you look further into these projects and see if the proper processes were in place by Alberta transportation to approve these projects?

Mr. Wylie: Go ahead, Brad.

Mr. Ireland: I would say that we don't currently have any projects to look at that, you know, but that is something we could take under consideration.

You know, just to expand maybe on your earlier question, transportation would have detailed criteria they would use about when they would twin roads, when they wouldn't, when they repave roads, when they shouldn't, and all of that. So they would have answers to those questions as to where this particular project or other projects fit in their prioritization model based on the criteria they use.

Mr. Schmidt: Thank you very much.

I'll turn it over now to my colleague Marie Renaud.

Ms Renaud: Thank you. Thank you very much. I'm going to ask some questions just around FSCD, which is family support for children with disabilities. The report notes that training for FSCD is not being delivered effectively. It is essential that all FSCD caseworkers are equally skilled and able to assess need, plan supports for the child and family. Training completion time, overall

training completion, and even review of training materials were really poor. Our regional differences are glaring, and often service levels are influenced by the time of year, the location, and the worker.

At the time of the audit how many – I note that there were 260 active staff members that were identified in the report in Alberta at the time of the audit. Now, I've tried a number of times through budget estimates and other ways to try to get a number. Is there a difference? I'd like to know, like: do you have the number of staff from the year before so you're able to identify any differences?

Ms Hayes: That were specific to the FSCD program?

Ms Renaud: Yeah; FSCD caseworkers.

Ms Hayes: I don't have those handy.

Ms Renaud: Oh, if you could table those later, that would be great if you're able to.

Ms Hayes: Yeah. That might be something worth asking the department. They would have that information.

9:40

Ms Renaud: Okay. So my problem is that I have asked the department a number of times, and I'm not getting that information. The reason I'm asking that is that since 2019 community and social services has lost over 500 FTEs. With the three recommendations focused very much on staffing front-line caseworkers as well as managers, because oversight was clearly a problem in this performance audit, obviously, I'm wanting to see, like: does it have something to do with the fact that over 500 FTEs have been lost? I'm just not able to find that information, so if you have it, that would be great.

I was also going to ask about staff turnover rates, if the Auditor General's office has that information or if that's available.

Ms Hayes: We do not have that information available. Again, that would be something that the ministry would track.

Ms Renaud: Yeah. Okay. The ministry is taking much longer to determine eligibility to approve supports, to sign contracts and renewals, and there really are no published acceptable timelines for each stage. There's application, then there's an assessment portion, and then there's a development of the plan. Now, are there any timelines internal to the ministry, like, sort of benchmarks about how long these different phases should be taking?

Ms Hayes: Yes. I believe they do have those types of targets internal to the process. I'm checking, just need to refresh. I believe some of those might even be externally reported.

Ms Renaud: I've not seen them, so that would be great if you could point us to those. Later on is fine, too.

Ms Hayes: Again, if the ministry has those internally, that would be the best place to ask, the ministry, for those charts.

Ms Renaud: I'd just like to say on the record, too, that, you know, in all budget estimates and even through Public Accounts – well, the CSS meeting got bumped, obviously – I have tried for a number of years to get that information and have not been able to.

One of the other questions I have is about the wait-list because there are no clear goals and benchmarks. We have this wait-list, so open data – the latest is December 2021 – is showing that there are almost 4,000 families in different processes. Whether they're in assessment or they're in planning, it just means that they don't have

the supports they need. I've asked the ministry about their wait-list, any plans to address the wait-list, and I don't get anything back. There are literally 4,000 families noted in there, so I'm wondering if there was any work by the AG's office to look at that wait-list, to look at the growth of the wait-list, any work at all there?

Ms Hayes: As a part of this audit we had not focused on wait-lists. It was specifically on the assessment and needs planning portions.

Ms Renaud: I have other questions, but I'm out of time.

The Chair: Thank you, Member Renaud.

Over to the government side. Mr. Yaseen, go ahead.

Mr. Yaseen: Thank you, Chair, and thank you, Auditor General and your team, for the work you do. I'll be quick here getting to my questions. I notice on page 80 of the report that Indigenous Relations only has one new recommendation. It states that the department of Indigenous economic participation should "improve its performance reporting process for its programs to achieve increased Indigenous economic participation." So my question is: can the Auditor General please further explain how these improved performance reporting processes will help lead to greater Indigenous economic participation?

Mr. Wylie: I just want to be clear, Chair, that the question is: how these recommendations to improve performance reporting will help?

Mr. Yaseen: Yes.

Mr. Wylie: Okay. Thank you. Thank you for the question. Yeah. Well, this program, I believe, was originally established by the government in 2000 or thereabouts. It really was originally designed to deal with achieving self-reliance and enhanced well-being of Indigenous peoples, and then in 2020 it was articulated as improved economic security and prosperity of Indigenous peoples in Alberta. Our point is that there are programs that are in place, that monies are being expended. There's an opportunity to determine what is being achieved. What are the results achieved for that spend? That's why we actually made the three-part recommendation, which is, you know, to establish targets for all programs – what are the objectives? – and then what's to be achieved by the program and then reporting back on that. The learning would be: what's working well? What's not working well? Do we need to invest in programs that are working well? Do we need to stop investing in programs that are not working so well?

You know, performance reporting is part of a continual learning envelope, too, where the idea – if you have an objective, you go and do the work, you report back, and then you assess whether you've achieved what you wanted to, and you make an assessment again of how best to achieve that objective. It really is about coming back and achieving what the objectives of the government and the programs are. That's why performance reporting is important from that learning perspective, but then there's also the public accountability perspective and reporting back to the Legislative Assembly on what was achieved with the investment of tax dollars. Hopefully, that helps.

Mr. Yaseen: Yes. Thank you.

I will pass on to my colleague MLA Stephan now.

The Chair: Member Stephan, you are muted.

Mr. Stephan: There we go.

I have a question about the November 2022 Auditor General report. Page 98 of the report says, as discussed earlier, that 5,400 applicants

were identified as high risk. We sampled just over 1,000 of them, and over half of them were found to be eligible. So the one question I have is: with that kind of result, when we have over half of the high-risk applicants identified as ineligible, are 100 per cent of the high-risk going to be verified?

Mr. Wylie: Member, I'm not too sure at this time what the department is going to do. What we're reporting on page 98, as you cite, is the results of the department's own work, and that is that they've determined that 546 were ineligible, which represents 52 per cent. I'm not sure what they're going to do in following up on that.

Rob, do you know?

Mr. Driesen: No. That is one of the questions that we had asked. As I'd mentioned earlier, because of how they completed their sampling, that 52 per cent can't be applied to the remainder of that population of 5,400 high-risk applications, so they would need to do some other analysis or some other additional testing to get comfort to be able to make that conclusion for the population as a whole. The testing that they have completed, because it was more judgmental in terms of how they made their selections, would provide information strictly on those roughly 1,000 payments or applicants that they examined, but it wouldn't provide any additional information on the remaining, you know, roughly 4,400.

Mr. Stephan: Okay. Maybe as a supplemental question to that, because I know we're running out of time – as I understand it, SMERG cost Alberta taxpayers over \$600 million. I'm wondering: what deterrents in the program design are there against fraud? Are there financial penalties for inappropriate applications? Is there interest on monies that were inappropriately paid?

Mr. Driesen: I don't know all of the details off the top of my head. I'm not aware of anything. It would simply be that if you were determined to be ineligible, you would need to repay any monies that were paid to you. But I'm not sure if there was an interest component in addition and any sort of an additional penalty. I'm sorry. I can't recall that off the top of my head.

Mr. Stephan: All right. Did your department look at the value for money, comparing the economic benefits from this program versus the \$600 million cost?

Mr. Driesen: We did not do that. In fact, we asked the question. When we looked at the design of the program, we looked to see what sort of measures the department was actually going to look at. The overall objectives of the program were to help these organizations through this time, so how were they measuring that, and how were they going to make that assessment? As we point out on page 99, we didn't see any assessment being made by the department looking at that. They had indicated that there may be some additional analysis that they may do and that it may come out of that, but at this point in time we haven't seen anything where they've done that type of analysis.

9:50

Mr. Stephan: Okay. I'll cede my time. Thanks.

Mr. Panda: Thank you.
Chair, can you hear me?

The Chair: Thank you. Yes.

Mr. Panda: Yeah. My questions are related to the recommendations on page 157 for Treasury Board and Finance. Of course, all

Albertans and taxpayers appreciate that they have a balanced budget now, but I just wanted to talk about the liquidity to reduce government debt and minimize borrowing costs. Specifically, how much is TBF currently spending on servicing the debt? They include all your recommendations, like effective utilization of our liquid assets. What would be the total net impact of the changes on the budget and on the economy?

Mr. Wylie: Chair, through you, I'm not too sure if we can answer some of the specifics on the actual changes and the economic impact.

But I'll ask Brad to see if, at a high level, we could try and address your question.

Mr. Ireland: Yeah. I don't have specific numbers, but what I can say is that, yeah, we've got five recommendations here related to cash management from 2016. A lot of that was looking at ways in which the government managed cash. If you were flowing funds out to different entities, you had cash in various pockets that you couldn't utilize and couldn't spend effectively. I know right now that Treasury Board and Finance is implementing a new system around pooling cash better to help to minimize interest costs and maximize returns on that cash. They're in the process now of implementing a new liquidity management strategy, and that is going to be something that we look at in upcoming audits.

The Chair: Hon. member, you're muted.

Mr. Panda: Sorry, Chair.

We all agree that by paying back debt quickly, we avoid paying hundreds of millions in interest to the banks, so we'll see. We can use that money for public programs, including building infrastructure required for delivering public programs. Do you agree?

The Chair: Thank you, hon. member.

We now have three minutes per side to read questions into the record, if there are any, for written follow-up. I will look to the Official Opposition.

Ms Pancholi: No.

The Chair: No questions.

I will look to the government side.

Mr. Turton: No questions.

The Chair: No questions. All righty, then.

Well, thank you very much, everyone. That now concludes the formal piece of our meeting here this morning. If there were any outstanding questions that were requested during the Q and A period, we ask that those be responded to in writing within 30 days.

Is there any other business for discussion right now?

Ms Pancholi: Christmas carols.

The Chair: There will be no carolling. Thank you, Member Pancholi, for that. That is out of order.

The date of the next meeting will be at the call of the chair in the new year.

I'll now call for a motion to adjourn. Moved by Member Hunter. Thank you. All in favour? Any opposed? The committee is now adjourned.

Thank you.

[The committee adjourned at 9:54 a.m.]

