

# FISCAL PLAN

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## RESPONSE TO THE AUDITOR GENERAL



FEBRUARY 2016

APRIL 2016

EDUCATION AND INFRASTRUCTURE – SYSTEMS TO MANAGE  
THE SCHOOL-BUILDING PROGRAM

JULY 2016

JULY 2016

HUMAN SERVICES – SYSTEMS TO DELIVER  
CHILD AND FAMILY SERVICES TO  
INDIGENOUS CHILDREN IN ALBERTA

OCTOBER 2016

**BUDGET** **20**  
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# RESPONSE TO THE AUDITOR GENERAL – FEBRUARY 2016

The Auditor General reports on the scope and findings of the work carried out by the Office of the Auditor General. The following are the recommendations in the Auditor General's report titled *Report of the Auditor General of Alberta – February 2016* and the government's response to each of them.

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p><b>Energy – Systems to Manage Royalty Reduction Programs</b></p>	<p><b>Accepted.</b> The Department of Energy will:</p> <ul style="list-style-type: none"> <li>• annually evaluate and report on the royalty programs; and</li> <li>• coordinate reporting in the Ministry of Energy's Annual Report for the 2016-17 fiscal year, in conjunction with reporting requirements resulting from the recommendations of the Royalty Review Advisory Panel Report.</li> </ul>
<p><b>Energy – IT Security for Industrial Control Systems in Alberta's Oil and Gas Industry</b></p>	<p><b>Accepted.</b> The Alberta Energy Regulator has engaged with the Department of Energy, the Department of Justice and Solicitor General and Industry Operator Associations to conduct risk assessment of threats, risks and impacts to industrial control systems used in provincially regulated oil and gas infrastructure. This risk assessment is expected to be completed in the 2016-17 fiscal year.</p>
<p><b>Human Services – Office of the Public Guardian and Trustee – Surplus Management and Results Reporting</b></p>	<p><b>Accepted.</b> A surplus management plan is currently being developed that will determine the appropriate amount to be retained as surplus in the Common Fund and the use of these funds. The plan is expected to be finalized by March 2017.</p>
<p>1. Evaluate and Report on Royalty Reduction Program Objectives</p> <p>We recommend that the Department of Energy annually evaluate and report whether the department's royalty reduction programs achieve their objectives.</p>	
<p>2. Further Assess Provincially Regulated Industrial Control Systems</p> <p>We recommend that the Department of Energy and Alberta Energy Regulator work together to determine whether a further assessment of threats, risks and impacts to industrial control systems used in provincially regulated oil and gas infrastructure would benefit Alberta.</p>	
<p>3. Determine and Manage Surplus</p> <p>We recommend that the Public Trustee develop processes to effectively manage the growth and use of the accumulated surplus in the Common Fund.</p>	

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>4. Improve Results Analysis Processes and Reporting</p> <p>We recommend that the Public Trustee and Ministry of Human Services improve the performance reporting for the operations of the Public Trustee.</p>	<p><b>Accepted.</b> The Public Trustee and the Ministry of Human Services have commenced the preparation of both an annual report and a business plan to be issued during the 2016-17 fiscal year.</p>
<p><b>Justice and Solicitor General – Victims of Crime Fund – Systems to Manage Sustainability and Assess Results</b></p> <p>5. Develop and Publicly Report on a Plan for the Victims of Crime Fund Program</p> <p>We recommend that the Department of Justice and Solicitor General:</p> <ul style="list-style-type: none"> <li>• develop and approve a business plan with measurable desired results for the Victims of Crime Fund</li> <li>• publicly report on the results of this business plan</li> </ul>	<p><b>Accepted.</b> The Department of Justice and Solicitor General will develop a business plan that:</p> <ul style="list-style-type: none"> <li>• clearly identifies the current and anticipated future needs of the victims of crime population;</li> <li>• identifies current gaps in service;</li> <li>• shows the amount of funding that will be required to meet these needs and address these gaps and what the impact on Albertans will be if funding is not made available; and</li> <li>• can be monitored by setting achievable, measurable goals and targets, including timelines and milestones.</li> </ul> <p>This recommendation is expected to be implemented by Spring 2017.</p>
<p>6. Determine Best Use of Victims of Crime Fund Accumulated Surplus</p> <p>We recommend that the Department of Justice and Solicitor General, supported by sufficient analysis, determine an appropriate use of the Victims of Crime Fund accumulated surplus.</p>	<p><b>Accepted.</b> The Department of Justice and Solicitor General will determine an appropriate use for the Victims of Crime Fund accumulated surplus taking into account:</p> <ul style="list-style-type: none"> <li>• funding required to meet anticipated long-term obligations;</li> <li>• the level of net assets that should be maintained; and</li> <li>• the need for a reserve fund and the amount of such a fund.</li> </ul> <p>The analysis, to determine the appropriate use of the accumulated surplus, is expected to be completed by February 2017.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p><b>Municipal Affairs – Disaster Recovery Program Transition</b></p> <p>7. Implement Transition Plan</p> <p>We recommend that the Department of Municipal Affairs implement its transition work plan to improve its disaster recovery program delivery systems by:</p> <ul style="list-style-type: none"> <li>• obtaining skilled project managers and implementing project management practices that will achieve the objectives outlined in the plan</li> <li>• improving project oversight to monitor implementation of the plan to ensure desired results are achieved within an acceptable timeframe</li> </ul>	<p><b>Accepted.</b> The Department of Municipal Affairs:</p> <ul style="list-style-type: none"> <li>• established a project management office in November 2015 to monitor and report on all projects supporting transition;</li> <li>• contracted experienced project managers to improve project management planning and processes; and</li> <li>• formed a Disaster Recovery Program (DRP) oversight committee to ensure cross-department transition related activities are coordinated efficiently.</li> </ul> <p>All key projects supporting DRP transition are expected to be completed by June 2018.</p>
<p><b>Treasury Board and Finance – Economy and Efficiency of Cash Management in the Government of Alberta</b></p> <p>8. Evaluate Cash Management for Efficiency and Economy</p> <p>We recommend that the Department of Treasury Board and Finance:</p> <ul style="list-style-type: none"> <li>• evaluate how it can use excess liquidity within government-controlled entities to reduce government debt and minimize borrowing costs, and implement mechanisms to utilize excess liquidity</li> <li>• evaluate the Consolidated Cash Investment Trust Fund and pursue opportunities to increase its use or modify its current structure to ensure it remains a relevant cash management tool</li> </ul>	<p><b>Accepted.</b> The Department of Treasury Board and Finance will continue with initiatives already in progress, including:</p> <ul style="list-style-type: none"> <li>• identifying and consolidating excess cash within government; and</li> <li>• evaluating the purpose and structure of the Consolidated Cash Investment Trust Fund with the goal of allowing the government to use these resources.</li> </ul> <p>Initial work is expected to be completed during the 2016-17 fiscal year.</p>
<p>9. Develop Policies to Prevent Early Payment of Grants and an Accumulation of Large Cash Balances</p> <p>We recommend that the Department of Treasury Board and Finance issue policies and guidance for departments to monitor the working capital needs of government-controlled entities to ensure departments only provide cash when needed.</p>	<p><b>Accepted.</b> The Department of Treasury Board and Finance will develop policies and guidelines to provide guidance to departments regarding the working capital requirements of government-controlled entities and the timing of payments from government to government-controlled entities. These policies are expected to be developed during the 2017-18 fiscal year.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>10. Implement and Use Information Technology to Manage Cash</p> <p>We recommend that the Department of Treasury Board and Finance implement an integrated treasury management system to manage treasury functions and processes, including government-wide cash pooling and management.</p>	<p><b>Accepted.</b> Implementation of an integrated treasury management system is an essential tool to implement improvements to cash management. A treasury management system is expected to support automation of processes, reconciliations, cash forecasting and timely reporting of information. Implementation is expected to be completed in the 2018-19 fiscal year.</p>
<p>11. Use Leading Banking and Related Practices and Evaluate Cost Benefits of Bank Accounts</p> <p>We recommend that the Department of Treasury Board and Finance work with departments to implement leading banking practices and evaluate the benefits of existing bank accounts compared to the costs of administering them, and make changes where the costs exceed the benefits.</p>	<p><b>Accepted.</b> The Department of Treasury Board and Finance:</p> <ul style="list-style-type: none"> <li>• has completed a review of banking within the government. The conclusions from this review will be used to identify opportunities to work with departments and government entities to improve banking and related business practices; and</li> <li>• will continue to actively monitor requests to open new bank accounts and explore opportunities to consolidate existing bank accounts to minimize banking costs.</li> </ul>
<p>12. Improve Policies for Payments</p> <p>We recommend that the Department of Treasury Board and Finance:</p> <ul style="list-style-type: none"> <li>• periodically analyze payment data to identify non-compliance with policies and seek opportunities for improvements</li> <li>• ensure that cost recoveries between government entities consider costs and benefits, and a transaction threshold</li> </ul>	<p><b>Accepted.</b> The Department of Treasury Board and Finance will:</p> <ul style="list-style-type: none"> <li>• work with the Department of Service Alberta to analyze payment data and identify opportunities for improvements and will develop policies and guidance for payment methods; and</li> <li>• examine the impact of setting transaction thresholds for cost transfers and develop appropriate policies that will reduce administration costs. Development of policies and tools to analyze payment data are expected to be completed by the 2017-18 fiscal year.</li> </ul>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p><b>Advanced Education – Keyano College</b></p> <p>13. Improve Financial Reporting Processes</p> <p>We recommend that Keyano College improve its financial reporting by:</p> <ul style="list-style-type: none"> <li>• training staff on Canadian Public Sector Accounting Standards (PSAS)</li> <li>• improving its monitoring and reviewing processes to ensure accurate financial information</li> </ul>	<p><b>Accepted.</b> Five key staff involved in financial reporting have completed Public Sector Accounting Standards training.</p> <p>In addition, Keyano College has:</p> <ul style="list-style-type: none"> <li>• hired a new VP, Administration and CFO as of January 25, 2016, to provide financial oversight;</li> <li>• established processes for monthly reconciliations;</li> <li>• improved availability of monthly financial statements for VP's and budget managers to facilitate budget management; and</li> <li>• hired an additional accountant as of January 7, 2016, to provide additional resources within the Finance department.</li> </ul>
<p><b>Advanced Education – Lakeland College</b></p> <p>14. Improve Segregation of Duties</p> <p>We recommend that Lakeland College improve segregation of duties within the finance department.</p>	<p><b>Accepted.</b> Lakeland College has implemented user access controls and regular monitoring to improve segregation of duties within the finance department during the 2015-16 fiscal year.</p>
<p><b>Advanced Education – Olds College</b></p> <p>15. Improve Access Controls to Information Systems</p> <p>We recommend that Olds College strengthen its information systems access controls to ensure it:</p> <ul style="list-style-type: none"> <li>• promptly removes system access privileges when staff or contractors leave the college</li> <li>• discontinues the practice of leaving accounts open for email access after staff are terminated</li> </ul>	<p><b>Accepted.</b> Olds College has implemented improved user access controls to information systems that include the following measures when an employee leaves:</p> <ul style="list-style-type: none"> <li>• terminate employee's email account;</li> <li>• transfer ownership of electronic files; and</li> <li>• delete old account after the termination date.</li> </ul> <p>These measures have been implemented as of January 2016.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p><b>Advanced Education – Red Deer College</b></p> <p>16. Improve General Computer Control Environment – Repeated</p> <p>We again recommend that Red Deer College improve its general computer control environment by:</p> <ul style="list-style-type: none"> <li>• finalizing its risk assessment process and implementing a comprehensive IT control and governance framework for its key processes</li> <li>• managing changes to computer programs</li> <li>• testing its disaster recovery plan and then assessing its adequacy</li> </ul>	<p><b>Accepted.</b> Red Deer College continues work to improve:</p> <ul style="list-style-type: none"> <li>• documentation of the implementation and review processes for the ITS governance and control framework;</li> <li>• the change management process which is currently being reviewed for functional alignment; and</li> <li>• backups and recovery to ensure they are fully tested and operational. The University of Alberta has been engaged as the peer institution to house monthly and yearly backups for the purpose of disaster recovery.</li> </ul>

# RESPONSE TO THE AUDITOR GENERAL – APRIL 2016

## EDUCATION AND INFRASTRUCTURE – SYSTEMS TO MANAGE THE SCHOOL-BUILDING PROGRAM

The Auditor General reports on the scope and findings of the work carried out by the Office of the Auditor General. The following are the recommendations in the Auditor General’s report titled *Report of the Auditor General of Alberta – April 2016 – Education and Infrastructure – Systems to Manage the School-Building Program* and the government’s response to each of them.

AUDITOR GENERAL’S RECOMMENDATIONS	GOVERNMENT’S RESPONSE
<p>1. Clarify Roles and Responsibilities</p> <p>We recommend that the Department of Education improve its oversight of the school-building program by:</p> <ul style="list-style-type: none"> <li>• working with the Department of Infrastructure to clarify the roles and responsibilities of each department and establishing supporting policies and procedures</li> <li>• developing clear decision-making authorities for the program</li> </ul>	<p><b>Accepted.</b> The Department of Education and the Department of Infrastructure have worked together to:</p> <ul style="list-style-type: none"> <li>• clarify roles and responsibilities and define clear decision-making authorities;</li> <li>• develop an agreed-upon governance structure for decision-making and escalation of issues; and</li> <li>• develop a communications plan that articulates the respective roles and responsibilities of each department for communicating each stage of the school-building program/project lifecycle.</li> </ul> <p>In addition, the Department of Education will undertake a comprehensive review of its capital planning policies and procedures. This recommendation is expected to be implemented by September 2018.</p>
<p>2. Improve the Planning and Approval Process</p> <p>We recommend that the Department of Education improve project approvals for new schools and modernizations by:</p> <ul style="list-style-type: none"> <li>• implementing a gated approval process</li> <li>• identifying the approval gates, required deliverables and responsibilities for completion of the deliverables</li> </ul>	<p><b>Accepted.</b> The Department of Education will:</p> <ul style="list-style-type: none"> <li>• develop gated approval processes for school capital projects, which will include checkpoints to ensure necessary review and approvals have been satisfied prior to proceeding to the next stage. These processes are expected to begin by March 2017; and</li> <li>• request that its budget include annual block funding for planning in order to bring projects to the final readiness “gate” prior to approval to next stage. This request is expected to form part of the Department of Education’s submission to the provincial capital planning process for <i>Budget 2017</i>.</li> </ul>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>3. Improve Systems to Manage and Control Projects</p> <p>We recommend that the Department of Education improve its systems to manage and control school-capital projects by:</p> <ul style="list-style-type: none"> <li>• agreeing on project expectations promptly with school jurisdictions and Infrastructure, including scope, budget and key milestones</li> <li>• developing and implementing change-management policies and procedures</li> </ul>	<p><b>Accepted.</b> The Department of Education:</p> <ul style="list-style-type: none"> <li>• has implemented grant agreements for school jurisdiction-managed projects and will work to strengthen these agreements to ensure compliance with gated approval processes; and</li> <li>• will review and modify the value scoping approach that it uses to define the scope of complex projects, in order to incorporate improved data collection, user engagement and technical inputs.</li> </ul> <p>In addition, the Department of Education and the Department of Infrastructure will work jointly</p> <ul style="list-style-type: none"> <li>• on an improved process and development of a template document for Infrastructure-managed projects that clearly identifies the agreed upon project expectations (scope, time and cost); and</li> <li>• to define, develop and implement a post tender budget adjustment process and template(s).</li> </ul> <p>This recommendation is expected to be implemented by June 2017.</p>
<p>4. Improve Systems to Manage and Control Projects</p> <p>We recommend that the Departments of Education and Infrastructure improve the planning process by:</p> <ul style="list-style-type: none"> <li>• identifying who must review and approve project planning deliverables and formally communicate these approvals to school jurisdictions or the Department of Infrastructure's contractors</li> <li>• basing oversight of projects managed by school jurisdictions on risk</li> </ul>	<p><b>Accepted.</b> The Department of Education and the Department of Infrastructure have developed a tool to be used for evaluating risk, resource availability, experience and expertise of school jurisdictions in order to assess the level of oversight required.</p> <p>In addition, the Department of Infrastructure has put into place "enhanced oversight" for some projects and has developed a Terms of Reference document to formalize this approach.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>5. Improve Reporting Systems and Controls</p> <p>We recommend that the Department of Infrastructure improve its systems for publicly reporting on the status of school capital projects.</p>	<p><b>Accepted.</b> The Department of Infrastructure has completed:</p> <ul style="list-style-type: none"> <li>• a review of the current process, procedures and systems for updating the website, to ensure all publicly reported data is accurate; and</li> <li>• work to ensure that publicly reported milestones are reasonable and supported by project schedules that consider project status, project complexities and estimated timeframes from remaining activities.</li> </ul> <p>In addition, the Department of Education and the Department of Infrastructure have formalized and documented a monthly reporting process for updating the Department of Infrastructure's school projects website.</p>
<p>6. Improve Reporting Systems and Controls</p> <p>We recommend that the Department of Education define and report on the key performance indicators of the school-building program.</p>	<p><b>Accepted.</b> The Department of Education is:</p> <ul style="list-style-type: none"> <li>• providing monthly reporting on program and project status; and</li> <li>• establishing appropriate key performance indicators to adequately assess performance and risk at the program level. This recommendation is expected to be implemented by September 2017.</li> </ul>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>7. Improve Reporting Systems and Controls</p> <p>We recommend that the departments of Education and Infrastructure improve reporting on the school-building program by:</p> <ul style="list-style-type: none"> <li>defining reporting requirements, including measures to assess project performance</li> <li>using a common reporting system that specifies where information will be retained, who will update it and how it will be updated</li> </ul>	<p><b>Accepted.</b> The Department of Infrastructure:</p> <ul style="list-style-type: none"> <li>has defined measures for assessing and reporting on project cost, scheduled performance and potential delays. Bi-weekly reporting identifies and reports on project-specific issues and risks and the respective impacts these have on schedule and/or cost;</li> <li>is providing monthly reporting to the Department of Education on project-specific measures; and</li> <li>will establish appropriate key performance indicators to adequately assess performance and risk at the project level. Implementation is expected to be completed by September 2017.</li> </ul> <p>The Department of Education:</p> <ul style="list-style-type: none"> <li>has implemented monthly reporting from school jurisdictions on project-specific measures; and</li> <li>has revised grant agreements for school jurisdiction-managed projects to clearly outline jurisdiction responsibilities related to projecting and reporting all aspects of a school capital project, status and cost</li> </ul> <p>In addition, the Department of Education and the Department of Infrastructure are working to develop a School Capital Tracking System, a common reporting system for data management and workflow, to address issues of data security, ownership, integrity, accessibility and continuity. Implementation is expected to be completed by December 2019.</p>
<p>8. Match Capital Funding to Project Progress</p> <p>We recommend that the Department of Education improve its cash-flow forecasting systems and ensure capital funding requests are supported by assumptions tied to project progress.</p>	<p><b>Accepted.</b> The Department of Education:</p> <ul style="list-style-type: none"> <li>will develop, document and implement a process to ensure that project assumptions related to cash flow requirements are accurately documented. This process is expected to be implemented by March 2017; and</li> <li>has implemented “just in time” grant funding payments for school jurisdiction-managed projects to match cash flow to project progress.</li> </ul>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>9. Submit Revised Plan for Approval</p> <p>We recommend if Treasury Board adjusts the Department of Education's funding request, the Department of Education should submit its revised school-building program plan to the Treasury Board for approval. The revised plan should align with the approved funding and should clearly identify the impact on project progress.</p>	<p><b>Accepted.</b> The Department of Education will lead the development of a procedure for submitting revised capital plans to Treasury Board (TB), in the event a funding adjustment is made by TB, to clearly identify and communicate the impact on program/projects if capital targets are changed. This recommendation is expected to be completed by March 2017.</p>

# RESPONSE TO THE AUDITOR GENERAL – JULY 2016

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AUDITOR GENERAL’S RECOMMENDATIONS	GOVERNMENT’S RESPONSE
<p><b>Justice and Solicitor General – Office of the Chief Medical Examiner – Contracting Transporters of Deceased Rural Albertans</b></p> <p>1. Develop Guidelines for Contract Requests</p> <p>We recommend that the Department of Justice and Solicitor General develop guidelines that clearly identify:</p> <ul style="list-style-type: none"> <li>• when a program area must provide a business case to support a contract request and what information must be included</li> <li>• who can make a decision not to require a business case and in what circumstances, and what must be documented to support this decision</li> </ul> <p>2. Determine When Contracted Vendors will be Used</p> <p>We recommend that the Department of Justice and Solicitor General determine and include as part of its pre-qualification contract posting process:</p> <ul style="list-style-type: none"> <li>• a date after which only vetted and contracted vendors are eligible to provide services in the normal course of business</li> <li>• circumstances in which it may need to use non-contracted vendors</li> </ul>	<p><b>Accepted.</b> The Department of Justice and Solicitor General will:</p> <ul style="list-style-type: none"> <li>• establish guidelines as to when a business case must be provided to support a contract request; and</li> <li>• develop business case and/or project analysis templates. This recommendation is expected to be completed by April 2017.</li> </ul> <p><b>Accepted.</b> The time frame for only using vetted and contracted vendors to provide the requested services under a Pre-Qualified Resource (PQR) is 60 days after the date for conducting the initial evaluation of responses to the PQR.</p> <p>The circumstance in which non-prequalified vendors may be used depends on the particular type of service being requested. These circumstances will be established and identified in the PQR when it is posted.</p> <p>In the case of the Office of the Chief Medical Examiner (OCME), non-prequalified vendors will only be engaged during certain extenuating circumstances as determined by the OCME. This was implemented by the OCME in October 2016.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p><b>Labour – Evaluating Occupational Health and Safety Systems</b></p> <p>3. Improve Planning and Reporting – Repeated from 2010</p> <p>We again recommend that the Department of Labour improve its planning and reporting systems for occupational health and safety by evaluating and reporting on whether key OHS programs and initiatives achieve the desired results.</p> <p>4. Enforce Compliance – Repeated from 2010</p> <p>We again recommend that the Department of Labour clarify and enforce its procedures to approve giving employers extra time to fix worksite health and safety problems.</p>	<p><b>Accepted.</b> The Department of Labour has made changes to the program, including the establishment of an Occupational Disease and Injury Prevention Unit, which will increase capacity to make evidence-informed decision-making in the areas of research, surveillance, informatics and evaluation. This recommendation is expected to be completed during the 2016-17 fiscal year.</p> <p><b>Accepted.</b> The Department of Labour:</p> <ul style="list-style-type: none"> <li>• has updated training to ensure Occupational Health and Safety officers document the use of Stop-Use and Stop-Work orders properly; and</li> <li>• will be exploring changes to the Compliance Information Management System that will incorporate the requirement for manager approval for second extensions to orders during the 2016-17 fiscal year.</li> </ul>

# RESPONSE TO THE AUDITOR GENERAL – JULY 2016

## HUMAN SERVICES – SYSTEMS TO DELIVER CHILD AND FAMILY SERVICES TO INDIGENOUS CHILDREN IN ALBERTA

The Auditor General reports on the scope and findings of the work carried out by the Office of the Auditor General. The following are the recommendations in the Auditor General’s report titled *Report of the Auditor General of Alberta – July 2016 – Human Services – Systems to Deliver Child and Family Services to Indigenous Children in Alberta* and the government’s response to each of them.

AUDITOR GENERAL’S RECOMMENDATIONS	GOVERNMENT’S RESPONSE
<p>1. Enhance Early Support Services</p> <p>We recommend that the Department of Human Services:</p> <ul style="list-style-type: none"> <li>enhance its processes so that they include the needs of Indigenous children and families in the design and delivery of its early support services</li> <li>report to the public regularly on the effectiveness of early support services</li> </ul>	<p><b>Accepted.</b> The Prevention and Early Intervention Framework will be reviewed to better reflect the needs of Indigenous children and families. This review will include processes to measure and report on the outcomes and effectiveness of these programs for Indigenous participants. A plan for the review of the framework has been developed.</p>
<p>2. Ensure a Child-Centred Approach</p> <p>We recommend that the Department of Human Services improve its systems to:</p> <ul style="list-style-type: none"> <li>ensure the care plan for each Indigenous child requiring intervention services is adhered to and meets the standards of care the department sets for all children in Alberta</li> <li>analyze the results of services to Indigenous children and report to the public regularly on its progress in achieving planned results</li> </ul>	<p><b>Accepted.</b> A review of current standards, reporting, accountabilities and analysis will be undertaken to strengthen and expand the focus on results for Indigenous children. This includes greater accountability for planning activities for all infants, children, youth and families with the expectation that services to Indigenous children meet the standards of care the department sets for all children in Alberta. A plan for the review has been developed.</p>
<p>3. Strengthen Intercultural Understanding</p> <p>We recommend that the Department of Human Services continue to enhance its staff training of the history and culture of Indigenous peoples, as well as its training of intercultural understanding. The department should seek the expertise of Indigenous leaders and communities when developing the training.</p>	<p><b>Accepted.</b> Staff training is being developed to augment and complement current training to increase staff knowledge and competency of Indigenous culture and understanding. A review of the available training supports will be undertaken to identify opportunities that strengthen the department’s current training options. This will occur collaboratively with Indigenous leaders and communities and will be completed with other training updates and enhancements currently underway. A plan for the development and review of staff training has been developed.</p>

# RESPONSE TO THE AUDITOR GENERAL – OCTOBER 2016

The Auditor General reports on the scope and findings of the work carried out by the Office of the Auditor General. The following are the recommendations in the Auditor General’s report titled *Report of the Auditor General of Alberta – October 2016* and the government’s response to each of them.

AUDITOR GENERAL’S RECOMMENDATIONS	GOVERNMENT’S RESPONSE
<p><b>Agriculture and Forestry – Agriculture Financial Services Corporation – Systems to Manage the Lending Program</b></p>	
<p>1. Define Strategic Objectives, Articulate Sector Credit Needs and Re-evaluate the Relevance of the Lending Program</p>	
<p>We recommend that the Agriculture Financial Services Corporation:</p> <ul style="list-style-type: none"> <li>• clearly define the strategic objectives of the lending program; these objectives should be consistent with AFSC’s legislative mandate</li> <li>• clearly articulate the credit needs of the agriculture sector in Alberta, which should drive its lending activities</li> <li>• develop a process to periodically re-evaluate the relevance of the lending products it offers to ensure they continue to be relevant</li> </ul>	<p><b>Accepted.</b> Agriculture Financial Services Corporation (AFSC) will:</p> <ul style="list-style-type: none"> <li>• continue its strategic review of its lending mandate and associated activities including a market needs assessment;</li> <li>• evaluate individual program objectives to ensure alignment with the act, regulations and strategic objectives; and</li> <li>• work with the Department of Agriculture and Forestry and the board of directors of AFSC to develop practices to ensure the relevancy of the mandate is reviewed periodically.</li> </ul>
<p>2. Define Oversight Responsibilities</p>	
<p>We recommend that the Department of Agriculture and Forestry and the board of directors of the Agriculture Financial Services Corporation clearly define the oversight responsibilities of both parties for the lending program.</p>	<p><b>Accepted.</b> AFSC is in the process of:</p> <ul style="list-style-type: none"> <li>• replacing the existing Memorandum of Understanding with a more comprehensive Mandate and Roles document with the Department of Agriculture and Forestry; and</li> <li>• implementing a more comprehensive Enterprise Risk Management framework, which will facilitate enhanced documentation and reporting necessary to support the required oversight by the board of directors of AFSC and the department.</li> </ul>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>3. Develop a Funding Model and Costing System</p> <p>We recommend that the Agriculture Financial Services Corporation:</p> <ul style="list-style-type: none"> <li>• develop a product-specific government funding model</li> <li>• develop a costing system capable of allocating, tracking and reporting product-specific costs</li> </ul> <p>4. Monitor the Performance of the Loan Portfolio</p> <p>We recommend that the Agriculture Financial Services Corporation set up an independent function to monitor the performance of the loan portfolio.</p>	<p><b>Accepted.</b> Agriculture Financial Services Corporation (AFSC) is nearing completion of a practical model to facilitate allocation of lending costs to the program level. Once implemented, AFSC will engage in discussions to develop product specific funding to support key priorities and initiatives.</p> <p><b>Accepted.</b> AFSC has an operational risk area that is currently responsible to provide economic analysis of industry sectors to management and the board of directors of AFSC on a quarterly basis. This group has been tasked with the additional responsibility of conducting independent reviews of the lending portfolio and providing quarterly reports to senior management and the board of directors of AFSC.</p>
<p><b>Human Services – Systems to Manage the Assured Income for the Severely Handicapped (AISH) Program</b></p> <p>5. Improve Program Accessibility</p> <p>We recommend that the Department of Human Services ensure its application processes are user friendly.</p> <p>6. Set Service Standards and Improve Eligibility Procedures and Guidelines</p> <p>We recommend that the Department of Human Services:</p> <ul style="list-style-type: none"> <li>• set service standards for application processing times and regularly monitor against these standards</li> <li>• improve procedures and guidelines to ensure staff apply policy in a consistent manner</li> </ul>	<p><b>Accepted.</b> The Department of Community and Social Services (formerly the Department of Human Services) is committed to ensuring the Assured Income for the Severely Handicapped (AISH) program is accessible and responsive to the needs of Albertans. The department is taking action to improve accessibility by simplifying the AISH application form and making information about the AISH program more available to Albertans.</p> <p><b>Accepted.</b> The Department of Community and Social Services (formerly the Department of Human Services) is committed to setting high quality standards and ensuring the AISH program is responsive to the needs of Albertans. The department is developing provincial standards for the program, targets for staff training and taking action to improve provincial reporting.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>7. Improve Reporting on Efficiency</p> <p>We recommend that the Department of Human Services improve its processes to measure, monitor and report on the efficiency of the AISH program.</p>	<p><b>Accepted.</b> The Department of Community and Social Services (formerly the Department of Human Services) is committed to better monitoring and reporting to ensure the Assured Income for the Severely Handicapped (AISH) program is effective in meeting the needs of Albertans. The department is developing provincial standards for processing times and finding ways to better track AISH client feedback.</p>
<p><b>Executive Council – Contracting Processes Follow-up</b></p> <p>8. Improve Contracting Processes – Repeated</p> <p>We again recommend that the Department of Executive Council improve its contracting processes by documenting:</p> <ul style="list-style-type: none"> <li>• the rationale for contracting services and selecting vendors when entering into sole-sourced contracts</li> <li>• its assessment of whether proposed contract rates are reasonable, and ensuring contracts are authorized and in place before contracted services are received</li> </ul>	<p><b>Accepted.</b> The Department of Executive Council enhanced contracting processes to ensure appropriate documentation is in place to support the decision to contract the selection of a sole-source vendor and to substantiate the rates paid provide good value to government. The department has also established a Contract Review Committee and is redrafting its contracting policy to reflect enhancements being made.</p>
<p><b>Advanced Education – Athabasca University</b></p> <p>9. Establish Information Technology Resumption Capabilities – Repeated</p> <p>We again recommend that Athabasca University:</p> <ul style="list-style-type: none"> <li>• assess the risks and take the necessary steps to establish appropriate off-site disaster recovery facilities that include required computer infrastructure to provide continuity of critical IT systems</li> <li>• complete and test its existing disaster recovery plan to ensure continuous services are provided in the event of a disaster</li> </ul>	<p><b>Accepted.</b> Athabasca University is embarking on a multi-year, multi-phase project to provide defined business continuity services, including:</p> <ul style="list-style-type: none"> <li>• the redesign and upgrading of its network;</li> <li>• virtualizing its server environment; and</li> <li>• utilization of cloud-based services.</li> </ul> <p>This recommendation is expected to be implemented in the 2019-20 fiscal year.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>10. Improve Procedures to Monitor and Report Access and Security Violations – Repeated</p> <p>We again recommend that Athabasca University formalize its access and security monitoring procedures to:</p> <ul style="list-style-type: none"> <li>• detect and assess security threats to critical information systems</li> <li>• report access and security violations to senior management</li> <li>• identify and resolve the root causes of security threats and violations</li> </ul>	<p><b>Accepted.</b> Athabasca University has implemented several information and communication technology security policies and has created a new Director of IT security position. The university plans to implement automated log management and log review tools to address security remediation and network renewal issues. This recommendation is expected to be implemented in the 2017-18 fiscal year.</p>
<p><b>Agriculture and Forestry – Agriculture Financial Services Corporation</b></p>	
<p>11. Ensure Compliance with Established Policies</p> <p>We recommend that the Agriculture Financial Services Corporation:</p> <ul style="list-style-type: none"> <li>• ensure that agreements between AFSC and its employees comply with the corporation's established policies. If deviations from policies are necessary, adequate justification and support should be documented</li> <li>• improve its training policy and reimbursement agreements to make them more specific and in line with the guidance by Government of Alberta Corporate Human Resources</li> <li>• consider recovering expenses that do not comply with AFSC's policies</li> </ul>	<p><b>Accepted.</b> Agriculture Financial Services Corporation (AFSC) has reviewed its training and development policy and approved changes to increase oversight, as well as provide additional guidance relating to return service agreements.</p> <p>AFSC will review all legal options in order to continue its efforts to recover payments.</p>
<p>12. Strengthen Processes to Report Senior Executives' Expenses to the Board of Directors</p> <p>We recommend that the Agriculture Financial Services Corporation regularly report to its board of directors on the expenses of senior executives.</p>	<p><b>Accepted.</b> AFSC has implemented a process to regularly report significant senior executive travel expenses to the board of directors of AFSC. Management will also prepare and report on training initiatives provided to executive members.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p><b>Culture and Tourism</b></p> <p>13. Improve Financial Statement Preparation Processes</p> <p>We recommend that the Department of Culture and Tourism improve its financial statement preparation processes for transactions that do not occur regularly.</p> <p><b>Economic Development and Trade</b></p> <p>14. Improve Financial Reporting Processes</p> <p>We recommend that the Department of Economic Development and Trade improve its internal controls and quality review processes to ensure prompt preparation of accurate financial reporting.</p> <p>15. Assess Investment Impairment Losses</p> <p>We recommend that the Alberta Enterprise Corporation develop and implement policies and procedures to assess investment impairment losses.</p> <p><b>Energy</b></p> <p>16. Improve Controls Over Access to Key Business Systems</p> <p>We recommend that the Department of Energy document conflicting roles within its key business systems and ensure appropriate controls are in place where conflicting roles are identified</p>	<p><b>Accepted.</b> The Department of Culture and Tourism is documenting in more detail, assessments completed for unusual non-routine material transactions.</p> <p><b>Accepted.</b> The Department of Economic Development and Trade will improve its internal controls and quality review processes to ensure prompt preparation of accurate financial reporting.</p> <p><b>Accepted.</b> Alberta Enterprise Corporation has developed an investment impairment policy. The policy was accepted by the corporation's board of directors in November 2016.</p> <p><b>Accepted.</b> The Department of Energy has developed an implementation plan to document conflicting roles within key business systems and any related compensating controls.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p><b>Environment and Parks</b></p> <p>17. Improve Capital Asset Monitoring and Recording Processes</p> <p>We recommend that the Department of Environment and Parks improve its processes for monitoring and recording dam and water management structure assets by:</p> <ul style="list-style-type: none"> <li>• reconciling the Environment Infrastructure Management System with the asset management accounting system so that the assets listed in one reasonably correspond to those in the other</li> <li>• completing a comprehensive analysis of assets to verify existence, completeness and valuation in order to maintain reliable accounting records</li> <li>• applying criteria to decide when to write down an asset, and documenting the assessment of such decisions</li> </ul>	<p><b>Accepted.</b> In the 2017-18 fiscal year, the Department of Environment and Parks will:</p> <ul style="list-style-type: none"> <li>• complete significant updates and corrections in the Asset Management module;</li> <li>• develop a plan to align the two systems; and</li> <li>• determine criteria for analyzing assets to decide when to write down an asset and document the assessment.</li> </ul>
<p><b>Indigenous Relations</b></p> <p>18. Improve Financial Reporting Processes – Repeated</p> <p>We again recommend that the Department of Indigenous Relations improve its financial reporting processes to ensure its estimates are reasonable and properly supported.</p>	<p><b>Accepted.</b> The Department of Indigenous Relations is working with the Department of Seniors and Housing and the Department of Municipal Affairs to document the Southern Alberta floods project process to reassess reasonableness and completeness of financial reporting estimates and disclosure. The department made progress on developing a series of tables to review expenditure forecasts on a monthly basis.</p> <p>Work is expected to be completed by March 2017 to provide evidence that processes are documented and estimates are reasonable and properly supported.</p>