

Standing Committee on Public Accounts

2016 Report of the Standing Committee on Public Accounts

Twenty-Ninth Legislature
Fourth Session

March 2018



Standing Committee on Public Accounts

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LEGISLATIVE ASSEMBLY
ALBERTA

STANDING COMMITTEE ON PUBLIC ACCOUNTS

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DEREK FILDEBRANDT, MLA

BARB MILLER, MLA

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BRIAN MALKINSON, MLA

March 2018

To the Honourable Robert E. Wanner
Speaker of the Legislative Assembly of Alberta

As Chair of the Standing Committee on Public Accounts I have the honour of submitting this report relating to the Committee's activities for 2016 for consideration by the Legislative Assembly.

Sincerely,

[original signed by the Chair]

Scott J. Cyr, MLA
Bonnyville-Cold Lake
Chair, Standing Committee on Public Accounts

c. Robert Reynolds, Q.C., Clerk of the Legislative Assembly of Alberta

**Members of the Standing Committee on Public Accounts
29th Legislature – 2016**

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Scott J. Cyr, MLA, Chair²
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Prasad Panda, MLA⁷
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Brandy Payne, MLA⁹
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Dr. A. Robert Turner, MLA
Edmonton-Whitemud (ND)

Cameron Westhead, MLA
Banff-Cochrane (ND)

¹ Chair until December 13, 2016, then sat as a committee member

² Committee member until December 13, 2016, then appointed Chair

³ Deputy Chair until March 9, 2016

⁴ Appointed Deputy Chair March 9, 2016

⁵ Committee member until March 9, 2016

⁶ Appointed March 9, 2016

⁷ Appointed December 13, 2016

⁸ Appointed March 9, 2016

⁹ Committee member until March 9, 2016

¹⁰ Committee member until December 13, 2016

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I. INTRODUCTION

The mandate of the Standing Committee on Public Accounts is to review the public accounts of the Province of Alberta and ministry annual reports through the process of asking questions with respect to the expenditures of Government departments and reviewing the Auditor General's reports.

The Standing Committee on Public Accounts comprises a Chair, who is a Member of the Official Opposition (Wildrose Party - W), and a Deputy Chair, who is a Member of the Government caucus (New Democratic Party - ND). The composition of the remaining 13 members includes two Members from the third-party opposition (Progressive Conservative Party - PC), with the balance of the membership proportionate to the number of seats held by the ND and W in the Assembly.

The public accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Management Act*. The public accounts consist of the annual report of the Government of Alberta and the annual reports of each of its ministries.

The 2015-2016 annual report of the Government of Alberta contains accountability statements and the consolidated financial statements of the province. *Measuring Up*, which measures and reports on performance, compares actual performance results with the desired results set out in the Government's business plan.

The annual reports for the ministries for the year ended March 31, 2016, contain ministers' accountability statements, the audited consolidated financial statements of the ministries and a comparison of actual performance results and the desired results set out in the ministries' business plans. These reports are provided to committee members once the reports are tabled on a date following the reporting deadline of June 30th.

II. MANDATE AND SCOPE

- The mandate of the Public Accounts Committee includes reviewing and reporting on the public accounts of Alberta, all reports of the Auditor General of Alberta and any other matter referred to it from time to time by the Assembly. Its mandate extends to all public entities funded by the Government, including agencies, boards and commissions.
- The Committee calls on senior department officials and/or officials of agencies, boards and commissions and such others as may be necessary to fulfill its mandate.
- The Committee set its own agendas and may sit whether or not the Assembly is in session.
- All reports of the Auditor General stand permanently referred to the Public Accounts Committee.
- The Committee may report to the Assembly on a particular matter or generally with respect to its body of work, and the Government shall respond to a substantive report of the Public Accounts Committee within 150 days of the date on which the Committee reports.

III. ACTIVITIES

In 2016 the practice of Deputy Ministers and department officials appearing before the Committee without the Minister in attendance continued, with a few exceptions. The Auditor General and his staff continued to attend and participate in Committee meetings.

The Committee held two out-of-session meetings in February 2016, five meetings during the 2016 spring session, an out-of-session meeting in October 2016, followed by five meetings during the 2016 fall session.

The Committee continues to meet with the Auditor General and his staff periodically to receive briefings on reports issued by that office and met in 2016 with the Canadian Comprehensive Auditing Foundation (CCAF) to discuss best practices for effective meetings of Public Accounts Committees.

The Committee working group, established at the beginning of the 29th Legislature and comprising the Committee Chair, Deputy Chair, a Member of the third-party opposition, Research and Committee Services and the Office of the Auditor General met periodically during this reporting period to discuss and recommend a schedule for meetings with ministries, including agencies, boards, and commissions reporting to the ministries, and to highlight specific issues which may be of interest to the Committee.

The working group completed its recommendations on invitees and issues, including the order in which the working group recommended these entities be scheduled. The schedules proposed by the working group were provided to the Committee for consideration and were approved by motion during a committee meeting.

The Committee has continued its practice instituted in 2014 of requesting that invitees complete the document entitled Status Report on Outstanding Recommendations from the Auditor General, provided by the Office of the Auditor General. Invitees are asked to complete the document, indicating whether steps have been taken to address the outstanding recommendations listed, and to submit it for committee members' information prior to a scheduled meeting.

Committee Research Services, which provides non-partisan research support to Committees of the Assembly, completed research briefings for the Committee prior to scheduled meetings with ministries, including any agencies, boards or commissions reporting to the ministry.

These research briefings also incorporated questions which committee members could choose to ask of the senior officials who attend the committee meetings. The Office of the Auditor General also provided a briefing document for committee members' information prior to meetings highlighting recommendations outstanding for a ministry and suggested questions the Committee may wish to ask. Committee Research Services and the Office of the Auditor General addressed their respective briefing documents during closed pre-meeting briefings with committee members.

The Committee adopted a time-allotment format in 2016 for the purpose of questioning invitees. The format generally follows the time allotment format used by the Legislative Policy Committees during the consideration of main estimates. This format has been used during meetings with ministries during session as well as meetings held outside of session with changes to time allotments adjusted according to the scheduled meeting times. The Committee has occasionally opted out of using the time allotment format for a specific meeting.

The Committee also continued to request that questions not answered during the course of a committee meeting be responded to in writing. Written responses were directed to the Committee Clerk for distribution to committee members. These responses are posted to the external committee website once the Chair has acknowledged receipt of a written response on the record during a committee meeting.

The proceedings of the Standing Committee on Public Accounts are open to the public to attend. Audio coverage of Committee meetings is streamed live on the Internet, and all meetings are recorded by *Alberta Hansard*. Transcripts can be accessed via the Assembly's website at www.assembly.ab.ca and through the Legislature Library.

2016 SCHEDULE OF COMMITTEE MEETINGS

Meeting Date 2016	Invitees/Topics
February 3	Treasury Board and Finance; Education; Health <i>[Government of Alberta Annual Report 2014-15]</i>
	Treasury Board and Finance <i>[Alberta Corporate Tax Administration System]</i>
	Treasury Board and Finance; Executive Council; Infrastructure <i>[Special Duty Report of the Auditor General (August 2014)]</i>
February 4	Environment and Parks Alberta Grazing Leaseholders Association Northern Alberta Grazing Association <i>[Grazing Leases]</i>
March 15	Office of the Auditor General <i>[Business session]</i>
April 5	Treasury Board and Finance <i>[Economy and Efficiency of Cash Management in the Government of Alberta]</i>
April 12	Justice and Solicitor General <i>[Report on the Independent Review by Hon. Frank Iacobucci, C.C., Q.C.]</i>
May 24	Service Alberta <i>[IT Disaster Recovery]</i>
May 31	Treasury Board and Finance <i>[Status of Public Sector Pension Plans]</i>
October 4	Executive Council; Health; Municipal Affairs <i>[Awarding of Contracts to Navigator Ltd.]</i>
	Health; Alberta Health Services <i>[Systems to Manage the Delivery of Mental Health Services]</i>
November 1	Energy <i>[Systems to Manage Royalty Reduction Programs]</i>
November 8	Justice and Solicitor General <i>[Contracting Transporters of Deceased Rural Albertans]</i>
November 22	Education; Infrastructure <i>[Systems to Manage the School Building Program]</i>
November 29	Justice and Solicitor General <i>[Victims of Crime Fund]</i>
December 6	Advanced Education; NorQuest College <i>[Financial Systems in Place to Prevent Potential Fraudulent Activity and Privacy Breaches]</i>

I. CCPAC/CCOLA CONFERENCE

Joint conference of the Canadian Council of Public Accounts Committees (CCPAC) and the Canadian Council of Legislative Auditors (CCOLA)

The Standing Committee on Public Accounts was represented by the Chair, Deputy Chair, a committee researcher, and the Committee Clerk at the 37th annual CCPAC and CCOLA conference in Yellowknife, Northwest Territories, from August 21 to 23, 2016. The conference provided an opportunity for PAC members and staff who support the work of Public Accounts Committees, as well as legislative auditors to participate in sessions addressing current practices and shared areas of interest.

i. Attendance

Derek Fildebrandt, MLA	Chair
Shaye Anderson, MLA	Deputy Chair
Dr. Sarah Amato	Research Officer, Committee Research Services
Karen Sawchuk	Committee Clerk

ii. Conference Sessions

- **Fiscal Accountability of Canada's Senior Governments**

Speaker: Bill Robson, President and CEO of the C.D. Howe Institute

Mr. Robson highlighted the importance of financial oversight as a key component of democracy, and he advocated for budgeting and reporting on an accrual, rather than cash, basis. Mr. Robson noted that many Canadian jurisdictions have moved from cash-based to accrual accounting, motivated by the belief that accrual accounting is a more accurate reflection of the government's assets. It is also in line with private sector accounting practices.

- **Examining Auditor General Reports and the Public Accounts in Consensus Governments: panel discussion**

**Panellists: Hon. Kevin Sorenson, MP, and Chair, House of Commons
Standing Committee on Public Accounts**

**Pat Angnakak, MLA, and Chair, Nunavut Standing Committee on
Public Accounts, Independent Officers and Other Entities**

**Kieron Testart, MLA, and Chair, Northwest Territories Standing
Committee on Government Operations**

Michael Ferguson, Auditor General of Canada

The **Hon. Kevin Sorenson** addressed the federal government's reporting process. He also explained the committee's formal procedures and emphasized the importance of support staff, including analysts from the Library of Parliament and the Committee Clerk.

Pat Angnakak provided an overview of consensus government and the upcoming reports that her committee would be addressing. Ms Angnakak stated that the territory's auditor is the Auditor General of Canada and that the committee holds televised hearings on every report presented by the AG. The committee provides a formal report containing its observations and recommendations to the Legislative Assembly following each hearing.

Kieron Testart stated that the Territory's Standing Committee on Government Operations reviews performance audits and financial reports and reviews the public accounts annually. He noted that these reports are tabled during the fall session and are reviewed by the committee in the spring. Mr. Testart referred to the orientation for Members provided by staff of the OAG of Canada respecting performance and financial audits.

- **Keynote Speaker: Dr. Marie Wilson, Commissioner of the Truth and Reconciliation Commission of Canada**

Dr. Wilson spoke about the work of the Commission from 2009 to 2015, noting that Canada was the first developed country to strike a truth and reconciliation commission. The Commission's goal was to inform, advise and educate the public, with the aim of inspiring corrective action.

- **Public Accounts Committee Oversight: Best Practices and Lessons Learned**

Speaker: Dr. Rick Stapenhurst, Professor, McGill University

Dr. Stapenhurst's presentation addressed his international research as well as his recent publication on benchmarks of effective Public Accounts Committees.

- **Scrutiny of Contractual Obligations: The British Columbia Experience**

**Panelists: Carol Bellringer, Auditor General of British Columbia
Bruce Ralston, MLA, Chair of the Select Standing Committee on
Public Accounts, British Columbia**

Mr. Ralston referred to the importance of public accounts committees tracking their provinces' contractual obligations, as these obligations reduce future options and affect how governments meet other commitments.

Ms Bellringer recommended that governments include information on contractual obligations in its summary financial statements.

- **Optimizing Your Performance on the Public Accounts Committee**

Speaker: Dr. Lesley Burns, Director of Oversight, CCAF

Dr. Burns provided an overview on the importance of oversight and facilitated a discussion on partisanship. Delegates split up into small groups and discussed ways that partisanship prevented PACs from reaching their goals and how this could work in their respective PACs.

- **Round-table discussion on follow-up and “closing the loop”**

Speaker: Ernie Hardeman, Chair, Standing Committee on Public Accounts, Ontario

Mr. Hardeman chaired this session, where delegates shared their experiences following up on outstanding recommendations as the main way to hold departments to account for implementing the recommendations put forward by the Auditor General.

Committee researchers and Committee Clerks attended a session addressing current practices and proposed improvements concerning their respective roles.

The conference closed with remarks from the conference host, followed by an invitation from the New Brunswick delegation to attend the 2017 CCPAC/CCOLA Conference in Fredericton from September 10 to 12, 2017.

