

BUDGET | Responsible
2013 | Change

RESPONSE TO THE AUDITOR GENERAL

- ✧ OCTOBER 2012
- ✧ JULY 2012
- ✧ MARCH 2012

TABLE OF CONTENTS

RESPONSE TO THE AUDITOR GENERAL

October 2012.....	151
July 2012.....	160
March 2012.....	164

RESPONSE TO THE AUDITOR GENERAL – OCTOBER 2012

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 2012* and the government’s response to each of them.

AUDITOR GENERAL’S RECOMMENDATIONS	GOVERNMENT’S RESPONSE
<p>Transportation</p> <p>1. Department – Design of level 1 visual inspections</p> <p>We recommend that the Department of Transportation improve its inspection processes by ensuring that it collects all the information it needs to assess the quality of inspections.</p> <p>2. Department – Quality of inspections</p> <p>We recommend that the Department of Transportation regularly assess whether contractors perform inspections following its standards and take corrective action if they do not.</p> <p>3. Department – Inspector certification</p> <p>We recommend that the Department of Transportation ensure that contractors who perform inspections are properly certified.</p> <p>4. Department – Timeliness and completeness of inspections</p> <p>We recommend that the Department of Transportation ensure that bridges are inspected as frequently as its standards require.</p>	<p>Accepted. The Department has incorporated time measures, including the length of time an inspection takes, as a tool in assessing the quality of inspections. This recommendation will be implemented by the end of the 2012-13 fiscal year.</p> <p>Accepted. The Department has enhanced its quality assurance program. An annual report will be provided to the Department’s senior management starting in the second quarter of 2013-14 to better monitor the inspection process. Steps have been taken to incorporate consultant performance data in the next selection phase. The Department has taken steps to enhance the spot-audit process for compliance with standards by the end of first quarter of 2013-14.</p> <p>Accepted. The Department has re-certified all inspectors working on provincial highway bridges and has re-designed, documented, and implemented the certification process. The Department will improve its monitoring processes to ensure the timely recertification of inspectors.</p> <p>Accepted. The Department will introduce new processes to ensure inspections are performed as frequent as the standards require. These processes will be in place by the end of first quarter 2013-14.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>5. Department – Assessing whether to contract out program delivery</p> <p>We recommend that the Department of Transportation regularly assess whether it should contract out inspections or do them itself.</p>	<p>Under Review. The Department's decision on how to deliver a particular program or service is based on several factors. At this time, the Department feels the outsourcing model is practical and provides for a timely delivery of inspections. The Department may review the model when the current inspection contract expires in 2015.</p>
<p>6. Department – Contracting level 1 bridge inspections</p> <p>We recommend that the Department of Transportation improve its process to contract its level 1 inspections by:</p> <ul style="list-style-type: none"> • documenting how it establishes criteria for assessing candidates and awards points for each criterion. • ensuring proposal requirements do not limit qualified candidates. 	<p>Accepted. The Department has established and is implementing a process to ensure proposal requirements do not limit qualified candidates. This recommendation will be implemented by the end of the 2012-13 fiscal year.</p>
<p>7. Department – Controls over access to the bridge information system</p> <p>We recommend that the Department of Transportation improve its processes to monitor access to the computer system that manages bridge inventory and inspections.</p>	<p>Accepted. The Department has reviewed all system access rights, with inappropriate rights revoked. The Department has confirmed that no inappropriate use occurred. In addition, appropriate assignment of rights for all system maintenance functions has been documented for future reference. This recommendation will be implemented by the end of the 2012-13 fiscal year.</p>
<p>8. Department – Maintenance activities</p> <p>We recommend that the Department of Transportation improve the information that senior management receives on inspector activities, results, maintenance and other actions.</p>	<p>Accepted. The Department has implemented local maintenance decision tracking systems in each region to track the results of inspections. The information from this system and the decisions and activities relating to bridge maintenance will be reported to senior management on a monthly basis. This recommendation will be implemented by the end of the 2013-14 fiscal year.</p>
<p>9. Department – Capital planning</p> <p>We recommend that the Department of Transportation ensure that it gives decision makers the information they need to assess the impact of funding alternatives on bridge safety and protection of the province's investment.</p>	<p>Accepted. The Department will continue to work with the Ministry of Treasury Board and Finance to ensure appropriate information is provided to decision makers for funding alternatives.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>Environment and Sustainable Resource Development</p> <p>10. Department – Public reporting (Repeated)</p> <p>We again recommend that the Department of Environment and Sustainable Resource Development improve the reliability, comparability and relevance of its public reporting on Alberta's results and costs incurred in meeting climate change targets.</p> <p>Executive Council</p> <p>11. Executive Council – Assess risk and improve oversight</p> <p>We recommend that Executive Council:</p> <ul style="list-style-type: none"> • assess the risks to public information assets throughout the government • determine if the government has adequate IT security policies, standards and controls to mitigate risks • determine who is responsible and accountable to ensure that public information assets are adequately protected. Specifically: <ul style="list-style-type: none"> • who is responsible for monitoring compliance with IT security requirements • who is responsible for ensuring or enforcing compliance with security requirements • what actions should be taken when non-compliance is identified • how is compliance to security requirements demonstrated 	<p>Accepted. The Department has gathered data focused on understanding the costs of implementing climate change actions and expected emissions reductions. The data will be compiled and analyzed and will form Alberta's public report on the 2008 Climate Change Strategy highlighting progress towards the specific targets for 2010, 2020, and 2050. The report will be released in 2013 and is intended to provide clarity to the public on actions already taken on climate change, as well as future plans for provincial policy.</p> <p>Accepted. The Deputy Minister and the Information Management and Technology Committee will be developing a plan to implement these recommendations across the Alberta Government.</p> <p>The plan will be prepared and communicated in 2013-14.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>Agriculture and Rural Development</p> <p>12. Department – Enterprise risk management</p> <p>We recommend that the Department of Agriculture and Rural Development improve its risk management processes.</p> <p>Energy</p> <p>13. Department – Improve controls over royalty adjustments note disclosure</p> <p>We recommend that the Department of Energy improve its controls over the completeness and accuracy of royalty information disclosed in the financial statements.</p> <p>14. Department – Ensuring compliance with terms of bioenergy grant agreements</p> <p>We recommend that the Department of Energy ensure that recipients under the bioenergy producer credit grant program are complying with their grant agreements.</p> <p>15. Department – Improve processes over bitumen royalty revenue estimates recognized in the financial statements (Repeated)</p> <p>We again recommend that the Department of Energy improve its controls to ensure consistent application of methodology used to calculate bitumen royalty estimates.</p>	<p>Accepted. The Department will incorporate Enterprise Risk Management (ERM) processes into Division operational plans using the Department's Operational Planning and Reporting System (OPAR). The enhanced functionality will allow the Department to identify, categorize, assess, assign, and treat risks affecting the Department's ability to achieve its business goals. Upgrades to the system and training in the new functionality is scheduled to begin shortly. ERM plans will be implemented into OPAR by the end of 2012-13, with the first Risk Report available for review by mid-May 2013.</p> <p>Accepted. The Department will strengthen its controls over the completeness and accuracy of the royalty information disclosed in the notes of financial statements by March 2013.</p> <p>Accepted. The Department has started reviewing all bioenergy producer credit grant program files to ensure completion and compliance with their grant agreements. This work is expected to be completed by June 2013.</p> <p>Accepted. The Department has made progress in improving documentation and controls over the methodology used to calculate the bitumen royalties. This recommendation will be implemented by the end of the 2012-13 fiscal year.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>Enterprise and Advanced Education</p> <p>16. Department – Improve financial reporting processes</p> <p>We recommend that the Department of Enterprise and Advanced Education improve its financial reporting processes by:</p> <ul style="list-style-type: none"> • training staff on the policies, processes and controls related to preparing the financial statements • improving its monitoring and review processes to ensure accuracy of the financial information • reducing its reliance on manual processes, to increase the efficiency and accuracy of financial reporting <p>17. Department – Resolve outstanding sector accounting issues</p> <p>We recommend that the Department of Enterprise and Advanced Education work with the Office of the Controller and institutions to develop a process for efficient resolution of accounting issues in the post-secondary sector.</p>	<p>Accepted. To increase efficiency and accuracy and improve financial reporting processes, the Department is:</p> <ul style="list-style-type: none"> • reviewing policies, processes, procedures and internal controls, • redefining roles and responsibilities, and • investigating options to automate processes. <p>Accepted. The Department will continue to work with the post-secondary institutions and the Office of the Controller to ensure that post-secondary institutions have resources and support in place as the Public Sector Accounting Board standards are implemented. This will be monitored over the next two years.</p>
<p>Enterprise and Advanced Education – Post-secondary Institutions and Alberta Innovates Corporations</p> <p>18. Athabasca University – Implement enterprise risk management systems</p> <p>We recommend that Athabasca University implement an effective risk management system.</p> <p>19. Athabasca University – Improve conflicts of interest procedures</p> <p>We recommend that Athabasca University update its policy and procedures, and implement a process for staff to annually disclose potential conflicts of interest in writing so the University can manage the conflicts proactively.</p>	<p>Accepted. A draft Enterprise Risk Management Framework was presented to the Audit Committee in May 2012. The Vice-President of Finance and Administration will work with the Executive Group to formalize underlying structures and processes to implement risk management throughout the University.</p> <p>Accepted. All conflicts are declared and documented as a matter of process at all committees of the Board and General Faculties Council. Athabasca University has sought input from other universities on how they manage this. The policy will be reviewed and updated on a regular basis.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>20. University of Alberta – Improve controls over bookstore inventory</p> <p>We recommend that the University of Alberta:</p> <ul style="list-style-type: none"> • improve its controls to value the bookstore's inventory • develop policies and processes to identify obsolete inventory in its bookstores and in storage • develop processes to regularly review the cost of goods it holds in inventory <p>21. University of Calgary – Remove users' access privileges promptly</p> <p>We recommend that the University of Calgary:</p> <ul style="list-style-type: none"> • define an acceptable timeframe to disable or remove users from the application and the network • document, communicate and consistently follow a process to deactivate users from the University's information technology systems within the defined timeframe 	<p>Accepted. The Vice-President of Finance and Administration and the Office of the Provost will jointly work together with the Bookstore Director to implement the recommendation. This recommendation was implemented in November 2012.</p> <p>Accepted. Information Technology and Human Resources will work together to design and implement improvements to system access removal processes related to employees who leave the University. Improvements will be implemented by the end of the 2012-13 fiscal year.</p>
<p>Health</p>	
<p>22. Alberta Health Services – Data conversion testing</p> <p>We recommend that Alberta Health Services improve documentation of its conversions from legacy systems to new systems by requiring the project team to clearly document how they ensured:</p> <ul style="list-style-type: none"> • converted data is complete and accurate • the new system functions with the converted data as intended 	<p>Accepted. Alberta Health Services (AHS) has created a Quality Assurance team to clearly demonstrate that data testing is taking place as AHS moves information from smaller systems into the common platforms. Through this team, actions have been implemented to improve the processes that document these conversions of data. These processes were implemented by AHS in December 2012 and await follow-up audit by the Office of the Auditor General.</p>
<p>23. Alberta Health Services – Payroll – Accuracy monitoring activities</p> <p>We recommend that Alberta Health Services improve its monitoring activities to ensure the accuracy of transactions in its payroll system.</p>	<p>Accepted. Alberta Health Services has developed a Payroll Compliance Plan that monitors changes made to payroll and employee information in the new Human Resources system. Management will continue to monitor payroll activities for legacy payroll systems until these systems can be moved over to the common payroll platform in March 2013.</p>

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<p>24. Alberta Health Services – Accounts payable system – Goods received not invoiced listing</p> <p>We recommend that Alberta Health Services complete its review of old amounts on the Goods Received Not Invoiced report to validate amounts or resolve issues as they arise before each year end.</p> <p>25. Alberta Health Services – Fees and charges</p> <p>We recommend that Alberta Health Services:</p> <ul style="list-style-type: none"> • reinforce its admissions policies to ensure consistent application • review its controls over the processes that generates fees and charges revenue, to ensure they are appropriately designed, consistent across regions and aligned with current policies <p>26. Alberta Health Services – Journal entry review process</p> <p>We recommend that Alberta Health Services implement a recurring process to ensure significant and/or unusual journal entries are reviewed and approved appropriately.</p>	<p>Accepted. Alberta Health Services is reviewing the accounts payable system to ensure accuracy and to resolve any issues. This will be completed by March 2013.</p> <p>Accepted. Alberta Health Services has formed a provincial working group to review how best to create standardized processes for admission policies related to billable services.</p> <p>Full implementation of this recommendation will take two to three years.</p> <p>Accepted. Alberta Health Services is establishing a process for a formal monthly oversight review of all journal entries over a threshold. This process will be in place by the second quarter of 2012-13.</p>
<p>Service Alberta</p> <p>27. Service Alberta – Ranking of non-compliance at registry agencies</p> <p>We recommend that Service Alberta rank the significance of findings it identifies at registry agencies and document its follow-up process.</p>	<p>Accepted. The Department will review and modify its process to follow up on the instance of non-compliance to policies and applicable legislation at registry agents. Implementation will be completed by the end of the 2012-13 fiscal year.</p>
<p>Transportation</p> <p>28. Department – Monitoring access and data entry to the Program Management Application</p> <p>We recommend that the Department of Transportation improve its processes to monitor access and data entry to the computer application it uses to manage contracted work for maintenance of provincial highways.</p>	<p>Accepted. The Department has implemented this recommendation.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>29. Department – Vehicle use</p> <p>We recommend that the Department of Transportation implement a policy about vehicle use, with due regard for economy.</p>	<p>Accepted. The Department has developed and signed a policy on October 11, 2012 related to vehicle use. The Department is currently implementing the policy by purchasing vehicles through Service Alberta to be used by employees in the course of their work. This recommendation will be implemented by the end of the 2012-13 fiscal year.</p>
<p>Treasury Board and Finance</p>	
<p>30. ATB Financial – New banking system internal controls (Repeated)</p> <p>We again recommend that ATB Financial confirm that the key controls in the new banking system, as identified in the risk and control matrices, are implemented and operate effectively.</p>	<p>Accepted. ATB Financial (ATB) confirmed that the key controls in the new banking system, as identified in the risk and control matrices, are implemented and will be tested for operating effectiveness by August 2013.</p>
<p>31. ATB Financial – Payment Card Industry</p> <p>We recommend that ATB Financial put in place processes to monitor its compliance with the Payment Card Industry's requirements.</p>	<p>Accepted. Management is undertaking a gap analysis of ATB's compliance with the Payment Card Industry Security Standards Council requirements as the first step toward complying with these standards. The gap analysis will be completed by the end of December 2012. ATB will then be in a position to incorporate procedures and management controls to provide applicable compliance reporting.</p>
<p>32. Alberta Investment Management Corporation – Securities reconciliation</p> <p>We recommend that Alberta Investment Management Corporation obtain third-party statements for all investments not held by external custodians and reconcile its records to those statements.</p>	<p>Accepted. Alberta Investment Management Corporation (AIMCo) has developed processes to obtain third-party confirmations of investment holdings not held in custody in order to complete applicable asset reconciliations. These processes were incorporated for the quarter ending June 2012 and are ready for review by AIMCo's internal audit division prior to full implementation.</p>

AUDITOR GENERAL'S RECOMMENDATIONS**GOVERNMENT'S RESPONSE**

33. Alberta Gaming and Liquor Commission – Improve quality of employee benefits note disclosure in the financial statements

We recommend that management of the Alberta Gaming and Liquor Commission obtain sufficient information to ensure compliance with International Financial Reporting Standards for disclosures in the employee benefit plans note in its annual financial statements.

Accepted. Management has engaged an International Financial Reporting Standards consultant and re-engaged an actuary so that the Alberta Gaming and Liquor Commission comply with the standards by the end of the 2012-13 fiscal year.

RESPONSE TO THE AUDITOR GENERAL – JULY 2012

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 2012* and the government’s response to each of them.

AUDITOR GENERAL’S RECOMMENDATIONS	GOVERNMENT’S RESPONSE
<p>Health</p> <p>Management of Healthcare Waste Materials at Alberta Health Services</p> <p>1. Alberta Health Services – Oversight at AHS waste generating sites</p> <p>We recommend that Alberta Health Services establish systems for overseeing the management of healthcare waste materials at all AHS sites that generate these materials.</p> <p>2. Alberta Health Services – Waste handling policies and procedures at AHS sites</p> <p>We recommend that Alberta Health Services improve the handling and disposal of healthcare waste materials at its sites by:</p> <ul style="list-style-type: none"> • standardizing healthcare waste materials handling policies and procedures across sites • establishing processes to monitor and enforce facilities’ compliance with healthcare waste materials handling policies and procedures • ensuring chemical waste hazards are remediated promptly • pursuing more opportunities to reduce, reuse and recycle materials that could enter the healthcare waste stream <p>3. Alberta Health Services – Contract management for disposal of healthcare waste materials at AHS sites</p> <p>We recommend that Alberta Health Services take steps to improve its contract management processes for healthcare waste materials by:</p> <ul style="list-style-type: none"> • requiring sites to verify services have been performed before approving vendor invoices for payment • developing risk-focused systems to monitor healthcare waste management for purposes of controlling volumes and costs 	<p>Accepted. Alberta Health Services will clarify which division is responsible for the oversight of healthcare waste materials. Policies supporting this oversight role will be developed in 2012-13.</p> <p>Accepted. Alberta Health Services is working on standardizing Environmental Services policies and procedures which are considered to be high risk. Once completed, timelines will be determined for implementing:</p> <ul style="list-style-type: none"> • standard guidance documents; • standard audit processes; • review of current chemical waste handling practices; and • looking at opportunities to divert landfill waste. <p>The implementation is expected to be completed during 2014-15.</p> <p>Accepted. Alberta Health Services will implement payment control mechanisms for healthcare waste management and develop a plan to employ a monitoring system for healthcare waste. The implementation is expected to be completed during 2014-15.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>4. Alberta Health Services – Healthcare waste materials at contracted health service providers</p> <p>We recommend that Alberta Health Services assess its risk related to healthcare waste materials produced by contracted health service providers and ensure contract provisions manage that risk.</p>	<p>Accepted. Alberta Health Services contracting policies and procedures will be amended to reflect contract provisions around medical waste management for the contracted service providers. The implementation is expected to be completed during 2015-16.</p>
<p>Primary Care Networks</p>	
<p>5. Department of Health – Department's accountability for the PCN program</p> <p>We recommend that the Department of Health:</p> <ul style="list-style-type: none"> • establish clear expectations and targets for each of the PCN program objectives • develop systems to evaluate and report performance of the PCN program 	<p>Accepted. The Department will:</p> <ul style="list-style-type: none"> • in consultation with Alberta Health Services, establish clear expectations, performance measures and targets for the PCN program objectives. PCNs will begin reporting using the new measures in 2014-15. • develop and implement an evaluation framework that will include clear expectations, measurable targets and systems to evaluate and report on performance of the PCN program. Public reporting is expected to commence by 2015-16.
<p>6. Alberta Health Services – AHS accountability for PCNs</p> <p>We recommend that Alberta Health Services within the context of its provincial primary healthcare responsibilities:</p> <ul style="list-style-type: none"> • define goals and service delivery expectations for its involvement in Primary Care Networks • define performance measures and targets • evaluate and report on its performance as a PCN joint venture participant 	<p>Accepted. Alberta Health Services plans to:</p> <ul style="list-style-type: none"> • confirm its perspective on goals, service delivery expectations, and roles and responsibilities; • revisit performance measures and targets; • establish and confirm priority performance measures; and • implement a measurement and reporting system. <p>This implementation is expected to be completed during 2013-14.</p>
<p>7. Department – Engagement and accountability to PCN patients</p> <p>We recommend that the Department of Health proactively inform Albertans which Primary Care Network they have been assigned to, and what services are available through their PCN.</p>	<p>Accepted. The Department will:</p> <ul style="list-style-type: none"> • provide patient panel information to Primary Care Networks (PCN); and • update future grant agreements to include a requirement that Department-approved communications will be sent to PCN patient panel populations informing them to which PCN they belong. <p>This implementation is expected to be completed during 2014-15.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>8. Department – Centralized support by the Department</p> <p>We recommend that the Department of Health improve its systems to provide information and support to help Primary Care Networks and Alberta Health Services achieve PCN program objectives.</p>	<p>Accepted. The Department will:</p> <ul style="list-style-type: none"> • hire a senior manager to provide leadership in the development, management and implementation of systems to enable data sharing among the Department, Alberta Health Services (AHS) and Primary Care Networks (PCN); and • direct AHS to provide information to the Department and PCNs to support the achievement of PCN program objectives. <p>This implementation is expected to be completed during 2015-16.</p>
<p>9. Department – Department's systems to oversee PCNs</p> <p>We recommend that the Department of Health improve its systems for oversight of Primary Care Networks by:</p> <ul style="list-style-type: none"> • obtaining assurance that PCNs are complying with the financial and operating policies of the PCN program • ensuring PCN surplus funds are used in a timely and sustainable manner 	<p>Accepted. The Department will:</p> <ul style="list-style-type: none"> • amend Primary Care Network (PCN) Grant Agreements requiring that audited financial statements be included in PCN Annual Reports; • determine the best method to obtain assurance that PCNs comply with the financial and operating policies; and • incorporate the requirement for surplus reduction plans in PCN Grant Agreements. <p>This implementation plan is expected to be completed during 2014-15.</p>
<p>Treasury Board and Finance</p>	
<p>Analyzing Performance</p>	
<p>10. Department – Improving annual reporting</p> <p>We recommend that Treasury Board and Finance work with ministries to improve annual report:</p> <ul style="list-style-type: none"> • preparation processes for identifying significant performance measure variances and developing explanations for these variances for reporting • approval processes, including senior management sign-off of a summary of the year's performance measure variances and significant variance assessments 	<p>Accepted. The Department of Treasury Board and Finance is in the process of developing an implementation plan which will be available at the end of September 2012. The implementation plan will describe processes for identifying and explaining significant variations in performance measure results, as well as processes for obtaining senior management approval of performance reports.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>11. Department – Improving guidance for performance measures</p> <p>We recommend that Treasury Board and Finance improve guidance for:</p> <ul style="list-style-type: none"> • performance measure target setting and variance identification • significant performance measure variance assessments and annual report explanation development • preparing the results analysis section of ministry annual reports <p>Human Services</p> <p>Occupational Health and Safety</p> <p>12. Department – Promoting and enforcing compliance (Repeated)</p> <p>We again recommend that the Department of Human Services enforce compliance with the law by high-risk employers and workers</p>	<p>Accepted. The Department of Treasury Board and Finance is in the process of developing an implementation plan which will be available at the end of September 2012. The implementation plan will include improving guidance on performance measure target setting and the reporting of significant variances in performance measure results</p> <p>Accepted. The Department continues to work with Alberta Justice and Solicitor General to finalize systems to support compliance by high-risk employers and workers. The Department's action plan calls for all the seven actions to be completed by the end 2012-13.</p>

RESPONSE TO THE AUDITOR GENERAL – MARCH 2012

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 - March 2012* and the government’s response to each of them.

AUDITOR GENERAL’S RECOMMENDATIONS	GOVERNMENT’S RESPONSE
<p>Advanced Education and Technology</p> <p>Grant MacEwan University</p> <p>1. Improve financial business processes</p> <p>We recommend that Grant MacEwan University improve its financial business processes by:</p> <ul style="list-style-type: none"> • establishing clearly documented processes and controls • developing clear roles and responsibilities and communicating these to staff • training staff on the policies, processes and controls relating to their roles and responsibilities • implementing monitoring and reviewing processes to ensure staff follow the policies, processes and controls <p>2. Improve security of PeopleSoft computer system</p> <p>We recommend that Grant MacEwan University improve the security of its PeopleSoft system to ensure that the university:</p> <ul style="list-style-type: none"> • uses the system to assign access permissions based on job roles, and properly limit access • defines, monitors and enforces rules for segregation of duties • authorizes and reviews logs of critical data changes • provides appropriate oversight to maintain the integrity of security controls 	<p>Accepted. The Grant MacEwan University Board has charged the President with the responsibility to improve business practices in these areas. Specific improvements are planned for the PeopleSoft implementation, internal audit and the definition of roles and responsibilities.</p> <p>Accepted. Grant MacEwan University will implement new processes to ensure that system access is granted based on role needs and through a documented process.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>Alberta College of Art and Design</p> <p>3. Improve risk management systems</p> <p>We recommend that the Alberta College of Art and Design:</p> <ul style="list-style-type: none"> • finalize its enterprise risk management framework document • periodically update and manage the framework as it identifies new potential risks and opportunities • enforce compliance with its risk management policy by requiring the president and CEO to periodically report the risks and mitigating strategies to the board <p>NorQuest College</p> <p>4. Improve financial internal controls</p> <p>We recommend that NorQuest College improve its internal controls in key areas of reconciliation of financial information, approval of invoice payments, review of journal entries and documentation of these controls.</p> <p>5. Improve controls over contracts</p> <p>We recommend that NorQuest College improve its controls over contract management.</p> <p>6. Improve controls over donations</p> <p>We recommend that NorQuest College improve its processes to manage donations.</p> <p>7. Improve quality control over year-end financial information</p> <p>We recommend that NorQuest College improve its quality control processes for preparing its year-end financial information, to improve efficiency and accuracy.</p>	<p>Accepted. The Alberta College of Art and Design has commenced a project to implement a more formalized risk management framework.</p> <p>Accepted. NorQuest College has started an internal controls refresh project that will review and renew all financial policies by June 2012.</p> <p>Accepted. NorQuest College's contract management policies will be reviewed as part of the internal controls refresh project. Until the policy framework is finalized, all contracts are being reviewed by the Vice President and the Chief Financial Officer's office.</p> <p>Accepted. NorQuest College has drafted new processes and controls to properly manage donations.</p> <p>Accepted. NorQuest College will address all financial policies through the internal controls refresh project and specifically mitigate risks identified in this recommendation.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>Olds College</p> <p>8. Improve periodic financial reporting (Repeated)</p> <p>We again recommend that Olds College improve its processes and controls over year-end financial reporting.</p> <p>9. Restrict privileged access to appropriate staff</p> <p>We recommend that Olds College segregate privileged systems access from data entry responsibilities and business functions.</p>	<p>Accepted. The Ministry of Advanced Education and Technology will support Olds College in improving its processes and controls over year-end financial reporting.</p> <p>Accepted. Olds College will ensure system access is tied to employee roles and responsibilities.</p>
<p>Keyano College</p> <p>10. Improve processes to secure its servers</p> <p>We recommend that Keyano College ensure all its servers are secure, with up-to-date anti-virus security and software upgrades.</p>	<p>Accepted. Keyano College will ensure upgrades and patches for operating systems, application software and Enterprise Resource Planning software will be applied and updated.</p>
<p>Lakeland College</p> <p>11. Review and approve manual journal entries</p> <p>We recommend that Lakeland College ensure proper review and approval of all manual journal entries.</p>	<p>Accepted. Lakeland College will now have a payroll officer and a Human Resource (HR) administrator review and sign off on HR manual journal entries.</p>
<p>Medicine Hat College</p> <p>12. Improve enterprise risk management systems</p> <p>We recommend that Medicine Hat College improve its risk assessment process by:</p> <ul style="list-style-type: none"> • documenting its assessment of risks for their impact and likelihood of occurrence • prioritizing the key risks and clearly linking those risks to a program, operational plan or procedures designed to manage and monitor those risks • formally reporting the key risks and mitigating actions to the board 	<p>Accepted. The Ministry of Advanced Education and Technology is assisting Medicine Hat College to develop these risk-management systems through its work on developing an Enterprise Risk Management framework for the use by all institutions.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p>Portage College</p> <p>13. Follow access controls and remove access promptly</p> <p>We recommend that Portage College ensure that employees follow its system user-access control procedures and that management promptly removes access privileges when staff leave.</p> <p>14. Develop and test a business resumption plan</p> <p>We recommend that Portage College fully develop and test a business resumption plan to ensure that it can resume IT services in a reasonable time after a disaster.</p> <p>15. Improve controls over bookstore inventory (Repeated)</p> <p>We again recommend that Portage College improve the accuracy of its perpetual inventory system at the bookstore.</p>	<p>Accepted. Portage College's Human Resources department will notify the Information Technology (IT) department of termination dates and IT will take action to remove systems access as of the termination date. Internal role changes will continue to be tracked by a more complex exit form.</p> <p>Accepted. Portage College is working toward building a mature Information Technology Disaster Recovery Plan that supports the overall Business Resumption Plan. Network upgrades in 2011 will improve options for the plan and alternatives will be evaluated through a business case.</p> <p>Accepted. Portage College has developed and is implementing a plan to improve the bookstore inventory system.</p>