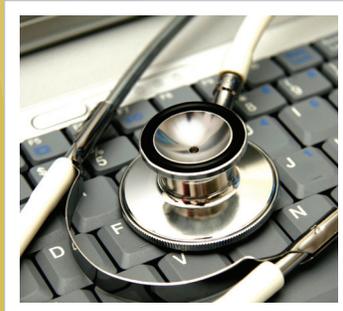




Office of the Auditor General of Ontario

# Annual Report *2018*

Follow-Up Report on  
2016 and Prior Audit  
Recommendations



*Volume 2 of 2*





## Office of the Auditor General of Ontario

To the Honourable Speaker  
of the Legislative Assembly

In my capacity as the Auditor General, I am pleased to submit to you Volume 2 of the *2018 Annual Report* of the Office of the Auditor General of Ontario to lay before the Assembly in accordance with the provisions of section 12 of the *Auditor General Act*.

A handwritten signature in black ink, reading "Bonnie Lysyk".

Bonnie Lysyk, MBA, FCPA, FCA  
Auditor General

Fall 2018  
Toronto, Ontario

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# Reflections

## Introduction

At the Office of the Auditor General, we audit a wide range of services and programs delivered by government, agencies of the Crown and organizations in the broader public sector, and identify areas that need improvement. We take great care to make practical recommendations from our audit findings that these entities can implement to improve the services they provide to Ontarians.

We believe that identifying problems and offering potential solutions is only the first step; the real work begins when those responsible take action to put our recommendations into practice. It is for this reason that a key part of our Office's work is to follow up on our past audits to assess the progress made on our recommended actions.

Our follow-up work consists mainly of discussion with the entities we've audited and review of supporting documents they provide. We appreciate their continued co-operation in providing us with comprehensive status updates.

In 2017, our Office began to produce a new volume (Volume 2) dedicated to the follow-ups we complete two years after our initial value-for-money and special audits were completed. This volume also includes our follow-up work on the recommendations issued by the Standing Committee on Public Accounts, also two years after it issues its reports in the Legislative Assembly.

This year, Volume 2 contains the follow-up work we completed on our 2016 value-for-money audits,

on the 2016 Special Report titled *Government Payments to Education-Sector Unions*, and on the recommendations issued by the Standing Committee on Public Accounts in 2017/2018. In addition, we have once again included **Chapter 4**, which contains our follow-up work on all audit recommendations issued from 2012 to 2015.

In 2016/17, we established a database to electronically track our recommendations and their implementation status from 2012 forward, and the recommendations of the Standing Committee on Public Accounts from 2015 forward. We believe that following up on issued recommendations is more cost-effective than re-auditing the same operations as another audit could result in the same recommendations being issued as were issued in previous years.

## Chapter 1—Follow-Up Reports on 2016 Annual Report Value-for-Money Audits

This year's report contains 16 follow-up reports from the value-for-money audits published in our *2016 Annual Report*. We note that, consistent with previous years, progress has been made toward implementing about 66% of our recommended actions (71% in 2017). We note that only 35% have been fully implemented, but that this is higher than last year's rate for full implementation of 33%.

We are encouraged by the implementation of our recommendations and program improvements in a number of areas. For example:

- **Section 1.15 The Provincial Public Appointment Process**—The Treasury Board Secretariat has made significant progress in many areas including, for example, implementing a new IT system to better support ministries and agencies in the appointment process. It has either implemented or is working to implement 100% of our recommendations.
- **Section 1.16 Public Accounts of the Province**—The Office of the Provincial Controller Division has either fully implemented or is in the process of implementing 100% of our recommended actions. For example, since our audit, the Province has recorded a full valuation allowance against the net pension assets of the Ontario Teachers' Pension Plan and the Ontario Public Service Employees Union Pension Plan in its consolidated financial statements for the year ended March 31, 2018. In addition, in those same statements, the Province recorded the full financial impact of the reduction in Ontarians' electricity rates resulting from the implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- **Section 1.08 Large Community Hospital Operations**—The Ministry of Health and Long-Term Care has provided us with information supporting its implementation of 76% of our recommended actions, with work proceeding on a further 18% of recommended actions. The implementation of these recommendations was specifically in the areas of monitoring bed-wait times on a regular basis, developing a crisis response system to handle difficult cases and high case volumes, publicly reporting wait-time performance data by the urgency levels of surgeries, and performing maintenance on medical equipment.
- **Section 1.14 Information and Information Technology General Controls**—The Office of the Corporate Chief Information Officer and the information and information technology (I&IT) clusters have made considerable progress in implementing 36% of our recommended actions and are in the process of implementing another 58%. One such action is looking into modernizing systems that are deemed to be at the end of their life cycle.
- **Section 1.03 Electronic Health Records' Implementation Status**—The Ministry of Health and Long-Term Care and eHealth Ontario have fully implemented 26% of our recommended actions, and have made progress in implementing an additional 65% of the recommendations. For example, the Ministry and eHealth Ontario have established and communicated a consistent definition of "active user" across the province, examined the reasons for the low rate at which health-care professionals adopted electronic health records, and prepared a plan to address the root causes of the low usage rates.
- **Section 1.13 Supply Chain Ontario and Procurement Practices**—The Ministry of Government and Consumer Services, on behalf of ministries across the province, and the Treasury Board Secretariat have either implemented or are making considerable progress in implementing 90% of our recommended actions.
- **Section 1.09 Metrolinx—Public Transit Construction Contract Awarding and Oversight**—Overall, Metrolinx has made progress on a number of recommendations, fully implementing 53% of our recommendations and being in the process of implementing 37% of them. For example, Metrolinx has made progress on completing the implementation of its vendor performance management program that measures and manages the performance of vendors, and takes vendors' performance into account when evaluating their submissions for new contracts. However, work is still required for Metrolinx to complete an assessment of its contract management practices with Canadian National Railway and Canadian Pacific Railway to

ensure that costs paid are reasonable and relate only to contracted work.

- **Section 1.10 Ministry of Transportation—Road Infrastructure Construction Contract Awarding and Oversight**—The Ministry of Transportation has taken steps to implement our recommendations. A total of 63% of the actions we recommended had been fully implemented, while 13% were in the process of being implemented. After a review of its payment practices and requirements for asphalt, the Ministry suspended paying bonuses to contractors for asphalt mix properties and compaction, and increased its requirements for pavement compaction and pavement smoothness.
- **Section 1.12 Specialty Psychiatric Hospital Services**—The Ministry of Health and Long-Term Care has either fully implemented or is in the process of implementing 71% of our recommended actions. The Ministry indicated that the change in government has required new policy development to align with the articulated priorities and funding commitments of the new government.
- **Section 1.04 Employment Ontario**—The Ministry of Training, Colleges and Universities has either fully implemented or is in the process of implementing 60% of our recommended actions. For example, the Ministry had developed Ontario’s apprenticeship strategy in February 2018 and was developing an evaluation framework to develop key performance indicators across all employment and training programs.

While we are encouraged by the progress made on many of the recommended actions from our *2016 Annual Report*, we have also noted a few areas where little or no action has been taken. For example, while some progress has been made on the implementation of recommendations, certain ministries were not able to provide the dates by which the recommendations would be fully implemented.

- **Section 1.01 Child and Youth Mental Health**—The Ministry of Children, Community and Social Services and the four child and youth mental health agencies that we visited during our 2016 audit have made little progress on over 75% of our recommended actions. The Ministry indicated that it would need more time to implement the recommendations. We note that the government recently announced that the Ministry of Health and Long-Term Care will be taking on the responsibility for policy and financial accountability for child and youth mental health.
- **Section 1.06 Environmental Assessments**—The Ministry of the Environment, Conservation and Parks has made little progress on over 60% of our recommended actions. Recommended reviews of bump-ups and the *Environmental Assessment Act* have not yet been completed and, while the Ministry indicated that it expected to complete various reviews by the end of 2018, it was not able to provide dates for when the results of these reviews would actually be implemented.
- **Section 1.11 Physician Billing**—The Ministry of Health and Long-Term Care has made little progress on 48% of our recommended actions. For example, the Ministry has made no progress on obtaining accurate information on physicians’ practices, including their operating costs and their profit margins in providing Ontario Health Insurance Plan (OHIP) services.
- **Section 1.05 Environmental Approvals**—The Ministry of the Environment, Conservation and Parks has made little progress on 46% of our recommended actions. These included establishing guidelines and targets to ensure approved emitters are operating with conditions consistent with current standards, and revising the Ministry’s financial security policy to ensure that financial security amounts are regularly re-evaluated

to accurately reflect future clean-up costs. Work on both of these recommendations had started, but it was very preliminary, and the Ministry had not yet determined when it expected full implementation.

Regarding the follow-up report in **Section 1.02 Climate Change**, many of our recommended actions are no longer applicable due to changes in government decisions and policy. Specifically, with the change in government and the passing of Bill 4, the *Cap and Trade Cancellation Act*, 39% of the actions we recommended are no longer applicable. In addition, the Ministry of the Environment, Conservation and Parks has made little or no progress on 50% of the recommendations.

The follow-up report in **Section 1.07 Housing and Supportive Services for People with Mental Health Issues (Community-Based)** indicates that the Ministry of Health and Long-Term Care and the Local Health Integration Networks (LHINs) have made little progress on over 50% of our recommended actions. The Ministry and the LHINs have fully implemented only one recommendation, which relates to the identification and sharing of best practices in supportive housing. The Ministry has not developed strategies and processes to transition individuals who no longer require supportive housing to other forms of housing. As well, the Ministry is not conducting analyses of the costs of housing clients under each of the housing programs in the short and long term, and not conducting routine site visits to the supportive housing properties it funds. The Ministry is currently seeking policy approval for multi-year mental-health and addictions initiatives tied to a \$3.8-billion provincial and federal commitment to build a comprehensive mental-health and addictions system. The Ministry expects that these initiatives, once implemented, will address a number of our recommendations.

## Chapter 2—Follow-Up Reports on Special Reports

The Ministry of Education provided us with information indicating that almost 70% of the recommended actions in our Special Report titled *Government Payments to Education-Sector Unions* had been implemented, while the status of the remaining recommendations (30%) was little or no progress. Fully implemented recommendations include: issuing a policy that established a Provincial Committee on Ministry Initiatives to provide advice to the Ministry on new or existing Ministry initiatives relating to improving student achievement and well-being; meeting with education-sector unions to obtain feedback on how the *School Boards Collective Bargaining Act, 2014* and the central-bargaining process could be improved for future rounds of negotiations; not funding unions' bargaining costs in the future; not funding unions for purposes other than professional development outside of the collective bargaining process; amending the *Public Sector Salary Disclosure Act, 1996* to specifically make trustees' associations subject to salary disclosure requirements; and eliminating the practice of entering into multiple transfer-payment agreements with overlapping eligibility periods.

## Chapter 3—Follow-Up on Reports Issued by the Standing Committee on Public Accounts

Members of the Standing Committee on Public Accounts (Committee), which is composed of MPPs from both parties of the Legislature with official party status and supported by its Committee Clerk and legislative researchers, are dedicated to improving government programs and services delivered to—and funded by—the people of Ontario. In addition to holding hearings on chapters in our annual reports and on our special reports, the Committee makes observations and issues recommendations in its own reports, which further promote positive change by the entities we audit.

**Chapter 3** of this report includes the follow-ups we have conducted on the Committee's recommendations from eight reports it issued in 2017/18. We continue to see a positive response from government and agencies in the broader public sector to the Committee's work. Overall, 70% of the recommendations made by the Committee were fully implemented in the eight reports issued. In particular, we are encouraged by the implementation of the recommendations and program improvements in **Section 3.04 Long-Term-Care Home Quality Inspections**. The Ministry has fully implemented or is in the process of implementing 100% of the 25 actions recommended in the Committee's report.

Regarding the follow-up report in **Section 3.01 Child and Youth Mental Health**, the status of actions implemented was minimal, which is similar to the status of actions we recommended in our value-for-money audit of the same topic (see **Chapter 1, Section 1.01 Child and Youth Mental Health**). Of the 28 actions recommended by the Committee, the Ministry of Children and Youth Services was in the process of implementing only one recommendation, and had made little or no progress on implementing the remaining 27 recommendations.

## Chapter 4—Follow-Up on Audit Recommendations from 2012 to 2017

### Follow-Up on Recommendations Issued by the Office of the Auditor General in 2012, 2013, 2014 and 2015

This chapter marks the second year that our Office has followed up on value-for-money audits beyond our initial two-year follow-up work. It includes follow-ups for audit reports issued in 2012, 2013, and 2014, along with the addition of 2015 this year.

Through our work, we have found that the implementation of recommended actions two years after the initial audit report is generally increasing. Of the recommended actions from 2012 to 2015,

59% have been fully implemented. This is encouraging since it demonstrates that our continuous follow-up work is having an impact on recommendations being implemented.

This implementation rate reflects some ministries and organizations that have implemented most recommendations, and some that have implemented none. Ontario Power Generation, the Treasury Board Secretariat, the Financial Services Commission of Ontario, the Ministry of Finance, and Infrastructure Ontario have implemented over 70% of our recommended actions. In contrast, the Ministry of Transportation has implemented less than 30% of recommended actions from 2012, 2013, 2014 and 2015. While the combined implementation rate for these years has improved to almost 60%, we remain concerned that about 40% of the recommended actions issued five years ago or more (excluding those that are no longer applicable) have still not been implemented.

A significant number of the recommended actions that are in the process of being implemented relate to effectiveness/cost-effectiveness and monitoring, and oversight improvements. More specifically, the categories that have the lowest implementation rates addressed public reporting, access to care or services, and funding or costs.

During this year's follow-up work, ministries, agencies and broader-public-sector organizations advised us that 30% of the remaining outstanding recommended actions are in the process of being implemented. We will continue to follow up on their status of implementation next year.

### Follow-Up on Recommendations Issued by the Standing Committee on Public Accounts from 2015 to Early 2017

As of March 31, 2018, 65% of recommended actions issued by the Standing Committee on Public Accounts from March 2015 to March 2017 have been fully implemented. Of the 19 ministries, Crown agencies and broader-public-sector organizations that were the subject of the Committee's

reports tabled between March 2015 and March 2017, four organizations had fully implemented all of the Committee's recommended actions: the Ministry of Training, Colleges and Universities, the Ministry of Infrastructure, the Independent Electricity System Operator, and Ontario Power Generation. There were two ministries or agencies that had implemented less than 40% of the Committee's recommended actions: Universities (the University of Ontario Institute of Technology, 50%; the University of Toronto, 25%; Brock University, 25%), and Women's Issues (previously referred to as the Ministry of the Status of Women).

## Acknowledgements

The information contained in this Volume and Volume 1 of our *2018 Annual Report* is the result of the excellent work of the dedicated staff of my

Office. On their behalf, I would like to thank the many people in the public and broader public sector who have assisted us in the completion of this year's follow-up reports. A special mention goes to Richard Kennedy, Chief Internal Auditor and Assistant Deputy Minister, Ontario Internal Audit Division, for providing us the time of a few members of his staff who contributed to completion of work in **Chapter 4** of this volume.

We look forward to continuing to serve the Members of Provincial Parliament and through them, the citizens of Ontario.

Sincerely,



Bonnie Lysyk  
Auditor General of Ontario

# Follow-Up Reports on *2016 Annual Report* Value-for-Money Audits

## Summary

It is our practice to make specific recommendations in our value-for-money audit reports and ask ministries, agencies of the Crown and organizations in the broader public sector to provide a written response to each recommendation, which we include in our Annual Reports. Two years after we publish the recommendations and related responses, we follow up on the status of actions taken. The ministries, agencies of the Crown and organizations in the broader public sector are responsible for implementing the recommendations made by our Office; our role is to independently express a conclusion on the progress that the audited entity made in implementing the actions contained in each recommendation.

In each of the follow-up reports in this chapter, we provide background on the value-for-money audits reported on in Chapter 3 of our *2016 Annual Report* and describe the status of actions that have been taken to address our recommendations since that time, as reported by management.

In conducting the follow-up work, our Office complies with the Canadian Standard on Quality Control and the Canadian Standard on Assurance Engagements—Direct Engagements established by the Chartered Professional Accountants of Canada. The staff who conducted the follow-up work comply with the independence and other ethical require-

ments of the Rules of Professional Conduct issued by Chartered Professional Accountants of Ontario.

Our follow-up work consists primarily of inquiries and discussions with the government, the relevant ministries or broader-public sector entities, a review of their status reports, and a review of selected supporting documentation. In a few cases, internal auditors also assisted us with this work. The procedures performed in this work vary in nature and timing from an audit and do not extend as far. As this is not an audit, we cannot provide a high level of assurance that the corrective actions described have been implemented effectively. The actions taken or planned may be more fully examined and reported on in future audits. Status reports will factor into our decisions on whether future audits should be conducted in these same areas.

With respect to the implementation status of the recommendations followed up, nothing has come to our attention to cause us to believe that the status representations made by entity management do not present fairly, in all significant respects, the progress made in implementing the recommendations.

As noted in **Figure 1**, progress has been made toward implementing 66% of our recommended actions, including 35% of them that have been fully implemented. The ministries that have made the most progress toward fully implementing our recommended actions from 2016 include the Ministry of Finance and Treasury Board Secretariat on our audit of the Public Accounts of the Province; the Ministry of Health and Long-Term Care on our

audit of Large Community Hospital Operations; and the Ministry of Transportation on our audit of Road Infrastructure Construction Contracts.

However, little or no progress has been made on 29% of our recommended actions. The Ministry of Children and Youth Services had made little or no progress on implementing close to 76% of the recommendations in our audit of Child and Youth Mental Health. The Ministry of Environment, Conservation and Parks had made little or no progress on 63% of recommended actions in the Environmental Assessments audit and 50% of the recommended actions in the Climate Change audit. For instance, no progress had been made by

the Ministry to improve the timeliness of its process for reviewing bump-up requests for environmental assessments to prevent unnecessary delays to projects. In fact, times have increased since the time of our audit.

Thirteen (3%) of our recommended actions are no longer applicable. This is primarily due to the changes made by the new government elected on June 7, 2018, and its decision to wind down the cap-and-trade system in Ontario.

A further eight action items (2%) will not be implemented. More specific details are presented in the sections that follow **Figure 1**.

**Figure 1: Overall Status of Implementation of Recommendations from Our 2016 Annual Report**

Prepared by the Office of the Auditor General of Ontario

| Report Section   | # of Rees  | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|--|------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|  |            |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| 1.01 Child and Youth Mental Health   | 11         | 22                       | 1.75                          | 3.5                             | 16.75                 | 0                       | 0                    |
| 1.02 Climate Change  | 16         | 28                       | 3                             | 0                               | 14                    | 0                       | 11                   |
| 1.03 Electronic Health Records' Implementation Status  | 12         | 23                       | 6                             | 15                              | 2                     | 0                       | 0                    |
| 1.04 Employment Ontario  | 18         | 35                       | 5.5                           | 15.5                            | 12                    | 1                       | 1                    |
| 1.05 Environmental Approvals   | 12         | 28                       | 6                             | 8                               | 13                    | 1                       | 0                    |
| 1.06 Environmental Assessments   | 12         | 19                       | 4                             | 3                               | 12                    | 0                       | 0                    |
| 1.07 Housing and Supportive Services for People with Mental Health Issues (Community-Based)      | 14         | 34                       | 1                             | 15                              | 18                    | 0                       | 0                    |
| 1.08 Large Community Hospital Operations   | 17         | 33                       | 25                            | 6                               | 2                     | 0                       | 0                    |
| 1.09 Metrolinx—Public Transit Construction Contract Awarding and Oversight                       | 17         | 38                       | 20                            | 14                              | 0                     | 3                       | 1                    |
| 1.10 Ministry of Transportation—Road Infrastructure Construction Contract Awarding and Oversight | 7          | 16                       | 10                            | 2                               | 3                     | 1                       | 0                    |
| 1.11 Physician Billing   | 14         | 29                       | 6                             | 8                               | 14                    | 1                       | 0                    |
| 1.12 Specialty Psychiatric Hospital Services   | 15         | 34                       | 13                            | 11                              | 10                    | 0                       | 0                    |
| 1.13 Supply Chain Ontario and Procurement Practices  | 12         | 20                       | 12                            | 6                               | 2                     | 0                       | 0                    |
| 1.14 The Provincial Public Appointment Process   | 6          | 14                       | 10                            | 4                               | 0                     | 0                       | 0                    |
| 1.15 Information and Information Technology General Controls                                     | 7          | 33                       | 12                            | 19                              | 1                     | 1                       | 0                    |
| 1.16 Public Accounts of the Province   | 10         | 15                       | 13                            | 2                               | 0                     | 0                       | 0                    |
| <b>Total</b>   | <b>200</b> | <b>421</b>               | <b>148.25</b>                 | <b>132</b>                      | <b>119.75</b>         | <b>8</b>                | <b>13</b>            |
| <b>%</b>   | <b>100</b> | <b>100</b>               | <b>35</b>                     | <b>31</b>                       | <b>29</b>             | <b>2</b>                | <b>3</b>             |

# Chapter 1

## Section 1.01

Ministry of Children, Community and Social Services

# Child and Youth Mental Health

Follow-Up on VFM Section 3.01, 2016 Annual Report

### RECOMMENDATION STATUS OVERVIEW

|                   | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|-------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                   |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1  | 1                        |                               | 0.5                             | 0.5                   |                         |                      |
| Recommendation 2  | 5                        | 0.75                          | 2                               | 2.25                  |                         |                      |
| Recommendation 3  | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 4  | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 5  | 2                        |                               |                                 | 2                     |                         |                      |
| Recommendation 6  | 2                        |                               |                                 | 2                     |                         |                      |
| Recommendation 7  | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 8  | 2                        |                               | 1                               | 1                     |                         |                      |
| Recommendation 9  | 4                        |                               |                                 | 4                     |                         |                      |
| Recommendation 10 | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 11 | 2                        |                               |                                 | 2                     |                         |                      |
| <b>Total</b>      | <b>22</b>                | <b>1.75</b>                   | <b>3.50</b>                     | <b>16.75</b>          | <b>0</b>                | <b>0</b>             |
| <b>%</b>          | <b>100</b>               | <b>8</b>                      | <b>16</b>                       | <b>76</b>             | <b>0</b>                | <b>0</b>             |

## Overall Conclusion

As of July 5, 2018, the Ministry of Children, Community and Social Services (formerly the Ministry of Children and Youth Services) and the four child and youth mental health agencies that we visited during our 2016 audit have fully implemented or have made significant progress in implementing 24% of the recommended actions

in our 2016 Annual Report. For example, the responsibilities of lead agencies including planning for the delivery of core mental health services and supporting continuous quality improvement have been outlined in a regulation that came into force on April 30, 2018. As well, the Ministry of Children, Community and Social Services (Ministry) advised us that it will work with the agencies to finalize service contracts and communicate updates to expectations for lead agencies by the spring of

2019, before all lead agencies assume their full responsibilities in their service delivery areas.

All four agencies have updated, or are in the process of updating, their policies to require supervisory approval of key caseworker documents and decisions. In addition, three of the agencies either had already started sharing with all their staff the results of file reviews that assess compliance with service delivery requirements, or had revised their processes to start sharing them. Sharing these reviews with all their staff is meant to help ensure that issues of non-compliance are addressed across the agency. We also noted that two of the agencies had established targets for wait times for providing clients with mental health services, and either had already begun, or intended to begin monitoring actual wait times against these targets. All four agencies also indicated that they had reviewed their complaints policies and determined that they are capturing the most significant complaints.

However, the Ministry and the agencies have made little progress toward implementing 76% of the actions we recommended in our *2016 Annual Report* and informed us that they would need more time to implement the recommendations.

We note that the Ministry's responses to this report are a point-in-time reflection of planned activities and approaches from the perspective of the former Ministry of Children and Youth Services (now the Ministry of Children, Community and Social Services). The government recently announced that the Ministry of Health and Long-Term Care will be taking on responsibility for child and youth mental health from the former Ministry of Children and Youth Services. Effective October 29, 2018, policy and financial accountability for child and youth mental health transferred to the Ministry of Health and Long-Term Care. Future decisions on child and youth mental health policies, programs and services related to the recommendations in this report will be considered in the context of the transfer and integration of the Child and Youth Mental Health portfolio into the Ministry of Health and Long-Term Care's mental health system.

The status of actions taken on each of our recommendations is described in this report.

## Background

The Ministry of Children, Community and Social Services (Ministry) provides funding for community-based mental health services in Ontario for children and youth (from birth up until 18 years of age), and their families, who are experiencing or at risk of experiencing mental health problems, illnesses or disorders, such as depression, anxiety and attention deficit/hyperactivity disorders. The services include counselling and therapy, intensive treatment, specialized consultation and assessment, and crisis support.

In 2017/18, the Ministry provided \$460 million in transfer payments (\$438 million in 2015/16) through its Child and Youth Mental Health program to 380 service providers (more than 400 at the time of our audit), including agencies that primarily deliver child and youth mental health services and multi-service agencies that deliver a number of other Ministry-funded programs. These agencies reported approximately 120,000 registered clients.

In our 2016 audit, we noted that many of the issues we highlighted in our 2003 audit of community-based child and youth mental health services remained significant concerns. Specifically, we found that the Ministry still did not monitor and effectively administer this program to ensure that services were timely, appropriate and effective, and delivered efficiently.

The following were some of our specific concerns in our 2016 audit of the delivery of mental health services by agencies:

- Agencies did not always help in the transition of discharged children and youth to other service providers, which put treatment gains already achieved at risk. At one agency, we found cases where clients were discharged to the care of a Children's Aid Society while

still requiring service, but were not given any help to transition to another mental health service provider.

- The mental health needs of children and youth were not assessed consistently. Agencies are required to assess the needs of children and youth using standardized, evidence-informed assessment tools. However, at three of the four agencies we visited, in about 50% to 100% of the cases we reviewed we found either that such tool-based assessments were not completed, or that it was not evident that results from these assessment tools were used to help develop initial service plans.
- Timelines for reviewing service plans varied between agencies, increasing the risk of delay in providing children and youth with services most appropriate to their needs. Although the Ministry required agencies to review the service plan of each client regularly, it did not prescribe timelines for doing so.
- There is a risk that the mental health of children and youth can deteriorate while waiting for service, but little was done to monitor wait-time trends and their impact. Although most of the agency caseworkers we spoke to told us that the mental health of at least some, and as many as half, of the children they worked with deteriorated while waiting for service, none of the agencies we visited tracked the impact of wait times on mental health. We noted that average wait times for some services in 2015/16 exceeded six months at three of the four agencies we visited.
- Agencies did not monitor and assess client outcomes to determine whether clients benefited from the services they received. The agencies we visited did not consistently determine and record whether clients achieved a positive outcome at the end of their mental health service, as required by the Ministry.

- Neither the Ministry nor the four agencies we visited required supervisors in agencies to review and approve key decisions and documents completed by agency caseworkers.

The following were some of our specific concerns in our 2016 audit of the Ministry's administration of the Child and Youth Mental Health program:

- Similarly to when we last audited the program in 2003, the Ministry continued to allocate the vast majority of funding to agencies based on historical allocations instead of the mental health needs of the children and youth they served. In addition, we found that the Ministry's plan to implement a new needs-based funding model by 2016 had been delayed, and a timeline for its implementation had yet to be determined.
- Although the Ministry had established minimum expectations for the delivery of services, it had not implemented a process to monitor whether agencies complied with these requirements, and we found many cases where they did not. In addition, we found that the Ministry's expectations were in some respects general, increasing the risk that agencies will interpret and apply them inconsistently. For example, the Ministry required that clients on wait lists for service be informed at regular intervals about their status, but it had not defined what a regular interval should be.
- The Ministry collected information from agencies on the services they provided, their staffing levels and financial data. However, the Ministry did not review this information to assess whether significant differences between agencies in costs per client served and caseloads per agency worker were reasonable.

The report contained 11 recommendations, consisting of 22 actions, to address our audit findings.

We received commitments from the agencies and the Ministry that they would take action to address all of our recommendations.

## Standing Committee on Public Accounts

On March 22, 2017, the Standing Committee on Public Accounts (Committee) held a public hearing on our 2016 audit. In December 2017, the Committee tabled a report in the Legislature resulting from this hearing. The Committee endorsed our findings and recommendations, and made 11 additional recommendations. The Ministry reported back to the Committee in April 2018. The Committee's recommendations and our follow-up on its recommendations are found in **Chapter 3, Section 3.01** of this volume of our *2018 Annual Report*.

## Status of Actions Taken on Recommendations

We conducted assurance work between April 3, 2018 and July 5, 2018. We obtained written representation from the Ministry of Children, Community and Social Services (Ministry), and the four child and youth mental health agencies that we visited during our 2016 audit (Kinark Child and Family Services, Youthdale Treatment Centres, Vanier Children's Services and Children's Centre Thunder Bay) that, effective October 31, 2018, they have provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

### Agencies Fall Short of Consistently Meeting All Requirements When Delivering Services

#### Recommendation 1

*To help ensure that children and youth are provided with mental health services that are appropriate to their needs, child and youth mental health agencies should take steps to ensure that they comply with the Ministry of Children, Community and Social Services requirements and recommended practices, which*

*include, for example, using evidence-informed tools to assess the mental health needs of children and youth, in the delivery of mental health services.*

**Status: Two agencies are in the process of implementing this recommendation by March 2019, and two agencies have made little or no progress.**

#### Details

In our 2016 audit, we identified that the policies of the child and youth mental health agencies we visited were not always in alignment with the Ministry's new requirements for the delivery of mental health services.

In addition, we found that the agencies we visited did not always deliver services that complied with Ministry requirements designed to help ensure that children and youth receive mental health services appropriate to their needs. For example, the Ministry requires that agencies assess the mental health needs of children and youth, and this process is to include the use of standardized, evidence-informed tools intended to enhance the consistency and objectivity of assessments. We found that the agencies we visited either did not consistently complete the tool-based standardized assessments, or it was not evident that they used the results from the tool-based assessments to help update service plans and decide whether to discharge their clients from the agency.

We also found that the agencies we visited did not consistently follow the Ministry best practice of following up with clients within three to six months of discharge to assess their mental health status and facilitate access to additional services for those who need them.

All four agencies have made some progress toward developing policies that align with the Ministry's requirements and recommended practices. For example, two agencies have updated their policies to require the use of evidence-informed tools for key decisions including client assessments, service plans, changes to services and decisions to discharge clients. One of these agencies indicated that it would take until the end of 2018 for its staff

to receive sufficient training to integrate the results from these tools into reports such as service plans. The other two agencies were in the process of updating their policies to align with the Ministry's requirements for the use of evidence-informed tools by the fall of 2018.

Two of the agencies are also putting in place policies and procedures to follow up with clients after discharge. One of these agencies indicated that it planned to implement a policy by September 2018 to follow up with discharged clients after three months. Another agency indicated that it will implement a post-discharge follow-up pilot during the 2018/19 fiscal year, and review the results by March 31, 2019. The remaining two agencies had made little or no progress toward adopting this practice. One of these agencies implemented a requirement in the spring of 2018 to follow up with clients discharged from its intensive treatment services that account for just over 10% of its clients. The agency indicated that resource constraints limit its ability to follow up post-discharge with the rest of its clients. The remaining agency indicated that it is currently conducting a review that includes follow-up post-discharge, and that based on this review it will decide whether to implement a follow-up process after discharge by November 2018.

Children's Mental Health Ontario (CMHO) advised us that it is working with its member agencies and the Canadian Centre for Accreditation to update child and youth mental health accreditation standards to align with the Ministry's program guidelines and requirements. In addition, in December 2016, CMHO held discussions with agencies to share lessons learned from the 2016 audit report and to support member agencies to work toward achieving compliance with the Ministry's program guidelines and requirements. To help facilitate compliance, CMHO has also proposed to the Ministry to develop a report and a webinar, to hold an event to highlight the audited agencies' lessons learned, and to provide opportunities for agencies to address ongoing challenges related to compliance with requirements.

## Lack of Supervision of Key Decisions by Caseworkers Could Increase the Risk of Negative Consequences for Children and Youth

### Recommendation 2

*To help ensure that children and youth who need mental health services are provided with services that are timely, appropriate to their needs, and effective, child and youth mental health agencies should review and enhance their processes to monitor the delivery of mental health services in the following areas:*

- *assess whether requiring supervisory approval of key caseworker decisions and documents that guide mental health services can help improve the quality and consistency of services provided to children and youth;*

**Status: Two agencies have fully implemented this recommendation, and two agencies are in the process of implementing this recommendation by December 2018.**

### Details

During our 2016 audit, we found that none of the four agencies we visited had any formal supervisory requirements in place. For example, none of the agencies required a supervisor's sign-off on caseworkers' critical decisions and key documents, such as assessments, service plans, service plan reviews and decisions to discharge clients from the agency.

At the time of our follow-up, one agency had updated its procedures to require supervisory approval of decisions such as updates to service plans and discharge decisions. Another agency updated its policy to begin to require supervisory approval of service plans, service plan reviews and discharge decisions. The other two agencies were in the process of updating their policies to require supervisory approval of key caseworker documents and decisions. One expected to update its policy in the fall of 2018, and the other, in December 2018.

CMHO also indicated that it supports implementing supervisory approval of key caseworker

decisions and documents, and that provincial standards for supervisory approval should be established to ensure their consistency. CMHO noted that development of these provincial standards will require the assistance of the Ministry, and supports their development within the available resources.

### There Is a Risk That the Mental Health of Children and Youth Can Deteriorate While Waiting for Service, but Little Is Done to Monitor Wait Time Trends and Their Impact

- *establish agency-specific targets for wait times and monitor wait times against such targets to assess their reasonableness, and follow up and take corrective action where necessary;*

**Status: Two agencies are in the process of implementing this recommendation by the end of 2018, and two agencies have made little or no progress toward implementing this recommendation.**

#### Details

In our 2016 audit, we identified that the Ministry had not established targeted wait times for mental health services that agencies were required to follow, and the agencies we visited did not monitor trends in wait times to assess their reasonableness and to identify issues that require follow-up or corrective action.

Two of the four agencies have established wait-time targets for the mental health services they provide. One of these agencies indicated that starting in the 2018/19 fiscal year its senior leadership had begun to review its results relative to targets, and planned to repeat this review three times a year. The other agency noted that its senior leadership planned to begin reviewing its results relative to its targets by the end of 2018 to assess their reasonableness and take action where necessary.

The other two agencies we audited had not yet developed wait-time targets for their services at the

time of our follow-up. One of these agencies indicated that before it established wait-time targets as it planned by April 2019, it was currently working on ensuring the accuracy of its wait-list data. The other agency indicated that it still required further analysis of its wait times before it could set targets. In addition, this agency informed us that it supported the development of provincial wait-time standards to ensure that it sets targets that are comparable to provincial standards.

CMHO also indicated that it supports the development of provincial wait-time targets, where there are adequate resources to meet those targets. In addition, CMHO informed the Ministry that it is willing to lead an initiative to provide recommendations to the Ministry for the development of wait-time benchmarks.

### Agencies Do Not Monitor and Assess Outcomes to Determine if Clients Benefited from the Services They Received

- *establish targets for the proportion of children and youth they expect to achieve positive outcomes at the end of service, and monitor outcomes against such targets to follow up and take corrective action where necessary;*

**Status: One agency is in the process of implementing this recommendation by the end of 2018. Three agencies have made little or no progress toward implementing this recommendation.**

#### Details

During our 2016 audit, we found that none of the four agencies we audited had targets in place for the proportion of children and youth they expected to achieve a positive outcome at the end of service. As well, none of the four agencies monitored the outcomes of children and youth who had received services to assess the outcomes and to identify trends that may require follow-up and corrective action.

At the time of our follow-up, one of the agencies was in the process of implementing this recommendation. The agency has established a target for the proportion of children and youth it expects to achieve positive outcomes at the end of service, and its senior management plans to begin monitoring outcomes relative to its target by the end of 2018 in order to follow up and take corrective action where necessary.

The other three agencies have not yet set a target for the proportion of positive outcomes at the end of service. One agency indicated that it planned to set a target in conjunction with other service providers in its region by the end of 2019. The two other agencies indicated that they planned to set their targets by March 2019. One noted that it was currently monitoring client outcomes to help it set its target, and the remaining agency indicated that it was currently working on ensuring it has recorded client outcomes properly.

CMHO indicated its continued support for the recommendation, but also for the development of standardized outcome measurement tools, and provincial targets for the proportion of children and youth who are expected to achieve positive outcomes. CMHO noted that developing provincial targets will require the assistance of the Ministry.

### **Agencies Do Not Perform Quality Reviews of Files to Help Ensure the Right Services Are Provided and Cannot Demonstrate if Compliance Reviews Are Used to Improve Agency Practices**

- *communicate the outcomes of file reviews that assess compliance with service delivery requirements to all agency staff to help ensure*

*issues of non-compliance are addressed across the agency;*

**Status: One agency has fully implemented this recommendation. Two agencies are in the process of implementing this recommendation by February 2019, and one agency has made little or no progress toward implementing this recommendation.**

#### **Details**

In our 2016 audit, we found that although the agencies we visited performed compliance reviews of client files to ensure, for example, that service plans were completed, agencies could not demonstrate that they communicated the results of their reviews across the agency so that all employees were made aware of deficiencies and could correct them in their own files.

One agency has fully implemented this recommendation. It has made a presentation to all staff of the results of its file audits to assess compliance, to help ensure that issues of non-compliance are addressed by all case-carrying staff. The agency advised us that it plans to repeat this process in the fall of 2018.

Another two agencies were in the process of implementing this recommendation at the time of our follow-up. One of these agencies currently expects its managers to share with their team issues identified during file audits that are specific to their team. The agency also indicated that following the completion of file audits in the summer of 2018, it plans to begin sharing a summary of its file audit results during staff meetings with all staff, and to email all staff a summary of the results. The other agency had updated its processes to require sharing the results of file audits with staff, and indicated that it planned to begin sharing results with all staff by February 2019.

The remaining agency could not provide us with documentation to support a plan for sharing the results of file audits with all staff. It indicated to us, however, that it does expect supervisors to share the results of file audits with their teams.

- *assess whether implementing periodic quality assurance reviews of files at agencies can help ensure that children and youth receive appropriate and effective services.*

**Status: One agency is in the process of implementing this recommendation by March 2019.**

**Three agencies have made little or no progress toward implementing this recommendation.**

### Details

In our 2016 audit, we found that although the agencies we audited perform compliance reviews of client files to ensure, for example, that service plans are completed, agencies do not perform quality assurance reviews to determine whether children and youth received the most appropriate services based on their mental health needs.

One agency recently reviewed a sample of its discharge decisions in 2017 to assess their appropriateness. It found that, due to a lack of available documentation, almost 30% of the files it reviewed required further investigation to determine whether the discharge decision was appropriate. The agency indicated that in addition to following up to take corrective action on these files, it planned to undertake a review of discharge decisions in 2018 and explore opportunities for quality reviews of other key decision points in client files during the 2018/19 fiscal year.

The other three agencies had not yet put in place processes to implement quality assurance reviews of files to ensure that children and youth receive appropriate and effective services. One of these agencies indicated that it planned to include some quality checkpoints in its current compliance file audit checklist by the fall of 2018. Another agency indicated that it was conducting research toward developing quality assurance tools for reviews of its files by the end of 2018. The remaining agency also indicated that it supports implementing these reviews, and indicated it planned to do so by April 2019.

## Agencies Cannot Demonstrate They Monitor Staff Caseloads to Help Ensure Efficient and Effective Delivery of Services

### Recommendation 3

*The Ministry of Children, Community and Social Services should work with Children's Mental Health Ontario and child and youth mental health agencies to develop caseload guidelines; and agencies should periodically compare themselves against these guidelines to help assess the effectiveness and efficiency of their operations.*

**Status: Little or no progress.**

### Details

In 2010, in the follow-up to our earlier audit of child and youth mental health agencies' delivery of child and youth mental health services, agencies identified difficulties in establishing benchmarks for caseloads, and highlighted that they required the Ministry's support to develop benchmarks because of a lack of resources. In our 2016 audit, we found that the Ministry had still not developed caseload benchmarks or guidelines for the child and youth mental health program that agencies could use to compare against their own caseloads and assess their reasonableness.

Although the Ministry has established plans, and engaged the Ontario Centre of Excellence for Child and Youth Mental Health (Centre) to work toward developing recommendations for caseload guidelines, significant work remains outstanding before this recommendation is implemented.

The Ministry worked with the Centre on a plan to engage stakeholders to develop recommendations for caseload guidelines, and the Centre then established a working group that it co-chairs with Children's Mental Health Ontario (CMHO) and includes representation from child and youth mental health agencies. The Centre and CMHO provided a draft interim report to the Ministry in June 2018 that recommended that caseload guidelines should not be developed; instead, they recommended that workload guidelines should be

developed. The Ministry advised us that it remains committed to implementing the recommendation to develop caseload guidelines, and has not made any decisions regarding the recommendation in the interim report. The Ministry expects a final report from the Centre and CMHO in December 2018. It advised us that it plans to review and analyze the recommendations from the report along with other research and data on caseloads to determine next steps in the development of caseload guidelines.

## Client Complaints Are Not Always Tracked by Agencies to Identify Areas That May Require Improvement

### Recommendation 4

*To help improve the quality of the mental health services they provide, child and youth mental health agencies should track all client complaints and periodically review them to identify trends that may require follow-up and/or corrective action.*

**Status: All four agencies have fully implemented this recommendation.**

### Details

In our 2016 audit, we found that none of the agencies we audited maintained a log of all client complaints relating to their service delivery. Instead, agencies only recorded and logged complaints escalated to management and/or senior management. All other complaints across all four agencies were not logged. As a result, the complaint logs at the agencies we visited contained between just one and 21 total complaints for the last five years combined. Since agencies did not maintain logs of all client complaints, the agencies also did not analyze client complaints to identify trends over time, including by type of complaint, to determine if follow-up and/or corrective action is necessary.

All four agencies indicated that they have reviewed their policies and determined that they are capturing the most significant complaints. CMHO and the agencies we audited also identified

that they regard a robust complaint process as a part of measuring the experience of clients. They also continue to support the development of provincial client experience standards to provide a more comprehensive picture of service quality. They note that compliance with such standards could include indicators ranging from relatively minor issues to the most serious complaints. CMHO and the agencies note that these standards would allow agencies to better identify trends where services are not meeting client expectations, and to take corrective action as appropriate. However, both the CMHO and the agencies indicated that they will require the Ministry's support for this initiative.

## Ministry Does Not Fund Agencies Based on Needs of Children and Youth Served

### Recommendation 5

*To help children and youth to have access to consistent mental health services in Ontario, the Ministry of Children, Community and Social Services should:*

- *work to develop and implement as quickly as possible a funding model that allocates funding to child and youth mental health agencies that is commensurate with the needs of the children and youth they serve;*

**Status: Little or no progress.**

### Details

During our 2016 audit, we found that, as was the case when we audited the Mental Health Services program in 2003, the Ministry was still distributing funding to the agencies according to historical allocations rather than the mental health needs of the children and youth they serve. In addition, we noted that the Ministry had delayed its plan to implement a new needs-based model to allocate mental health funding to agencies by the 2015/16 fiscal year, and had not yet set a timeline for its implementation.

The Ministry engaged a consultant and developed a funding model that is intended to allocate funding to agencies based on the needs of the communities they serve. The funding model is designed to allocate 90% of funding to agencies based on the socio-economic factors in the communities they serve, including the child and youth population, the number of lone-parent families, the unemployment rate, education levels, the number of visible minorities and the number of low-income families. However, the Ministry has not set a timetable to implement the new funding model, and has not determined whether it will use the new model to allocate funding to the agencies.

### **Funding for Indigenous-Operated Agencies Will Not Be Included in the Ministry's Future Funding Model to Ensure They Are Funded Based on the Needs of Those They Serve**

- *put in place a funding model to also allocate funding to Indigenous-operated agencies based on the mental health needs of the children and youth they serve.*

**Status: Little or no progress.**

#### **Details**

In our 2016 audit, we noted that although the Ministry was in the process of developing a new funding model to allocate funding based on child and youth mental health needs, the Ministry did not have a plan to incorporate funding to Indigenous-operated agencies in the new model. Instead, the Ministry expected to continue to fund these agencies based on historical allocations.

Although the Ministry identified that it is discussing service delivery models and funding approaches with First Nations, Inuit and Métis partners in the context of holistic services and nation building, it has not yet determined how and when it will implement this recommendation.

### **Ministry Does Not Provide Clear Program Requirements to Agencies and There Is Insufficient Ministry Oversight of Services Delivered by Agencies to Help Reduce the Risk of Inconsistent Service Delivery**

#### **Recommendation 6**

*To enhance its oversight of the Child and Youth Mental Health program and to help ensure that consistent and appropriate services are provided to children and youth across Ontario, the Ministry of Children, Community and Social Services (Ministry) should:*

- *work with child and youth mental health agencies to further define its program requirements so that they can be consistently applied across Ontario by all agencies that deliver mental health services;*

**Status: Little or no progress.**

#### **Details**

In our 2016 audit, we found that although the Ministry had established minimum expectations for the delivery of core mental health services for agencies to follow beginning in 2014/15, these expectations were in some respects general, increasing the risk that agencies would interpret and apply them inconsistently.

The Ministry has committed to lead a review of its program guidelines and requirements to update them and to ensure they are consistently interpreted and applied, leveraging the work and expertise of the Ontario Centre of Excellence for Child and Youth Mental Health. The Ministry plans to convene a reference group to provide advice on the review by December 2018, and to complete its review and update its program guidelines and requirements by June 2019. Based on the review, the Ministry also plans to develop implementation tools and supports for the agencies over the course of the 2018/19 and 2019/20 fiscal years.

- *implement a process to monitor whether child and youth mental health agencies are delivering mental health services according to Ministry requirements.*

**Status: Little or no progress.**

#### Details

During our 2016 audit, we found that the Ministry did not have a process to monitor whether agencies were delivering core mental health services that complied with Ministry requirements and were most appropriate to their clients' needs. In addition, our review of files at the four agencies we visited identified a number of examples where agencies did not comply with the Ministry's requirements.

Although the Ministry has not made significant progress on this recommendation, the Ministry plans to conduct an analysis of the current state of mental health agencies' compliance with its program guidelines and requirements by the end of 2018. After that, the Ministry plans to develop an oversight and monitoring framework to address identified gaps in agencies' compliance by June 2019, and to implement processes and tools to monitor agencies' performance, and to follow up as required by July 2019.

### **Ministry Does Not Assess the Significant Differences between Agencies in Costs per Client Served and Client Caseloads to Help Ensure Agencies Are Effective and Efficient**

#### Recommendation 7

*To help ensure that child and youth mental health agencies provide services that are both effective and efficient, and to ensure that the Ministry of Children, Community and Social Services is obtaining value for the funding it provides, the Ministry should periodically review agency caseloads per worker and costs per individual served; assess the reasonableness of costs*

*and caseloads; and identify instances that require follow-up and/or corrective action.*

**Status: Little or no progress.**

#### Details

In our 2016 audit, we noted that to ensure that agencies were operating efficiently and effectively, and the Ministry was obtaining value for the funding it provided, the agencies were required to report to the Ministry data about the services they were providing, their staffing and finances. However, we found that the Ministry did not assess this information to identify whether differences between agencies in costs per client served and caseloads per agency worker were reasonable or required Ministry follow-up and/or corrective action.

Although the Ministry has made little progress toward implementing this recommendation, it informed us that it plans to address it. By the fall of 2018 it plans to develop baseline costs per unit of service (e.g. cost per individual served), and by March 2019 it expects to analyze trends to inform acceptable ranges for costs and to help determine instances that require follow-up.

The Ministry also advised us that it plans to develop and implement guidelines for costs per unit of service by June 2019. It plans to develop reports to monitor agencies' compliance to the guidelines for costs per unit of service by February 2020, and to begin reviewing agencies' compliance to guidelines as part of the management of its contracts with agencies by June 2020. The Ministry also advised us that depending on the outcome of its work to develop caseload guidelines, it intends to put in place similar processes to monitor caseloads.

### **Ministry's Plan to Improve Program Delivery through the Implementation of Lead Agencies Has Been Delayed**

#### Recommendation 8

*To ensure it meets the objectives of the Moving on Mental Health Plan, the Ministry of Children,*

*Community and Social Services (Ministry) should work with lead child and youth mental health agencies to:*

- *establish accountability agreements that clearly describe the responsibilities of both the Ministry and lead child and youth mental health agencies before lead agencies assume their responsibilities to provide core mental health services in their service delivery area;*

**Status: In the process of being implemented by March 2019.**

### Details

In our 2016 audit, we noted delays in the Ministry's plans to implement the Ontario Government's Moving on Mental Health Plan, which included establishing 33 lead child and youth mental health agencies that would be responsible for providing core mental health services in designated geographical areas. We found that none of the lead agencies had assumed their full responsibilities. During our audit, the Ministry informed us that it expected it would take until 2019/20 for all lead agencies to assume their full responsibilities. We also found that even though the Ministry expected some lead agencies to begin assuming these responsibilities as of April 1, 2017, the Ministry had not yet developed accountability agreements that identify their specific responsibilities.

In 2018, the Ministry reiterated that it expects that all lead agencies will assume their full responsibilities in 2019/20; a regulation outlining the responsibilities of lead agencies, including planning for the delivery of core mental health services and supporting continuous quality improvement, came into force on April 30, 2018. As well, the Ministry advised that it will work with agencies to finalize service contracts and communicate updates to lead agency expectations by the spring of 2019 before all lead agencies assume their full responsibilities.

- *explore opportunities to expedite the creation of clear and co-ordinated pathways to core mental*

*health services, and services provided by other sectors, to help ensure that children and youth are connected with the right service regardless of where they approach service.*

**Status: Little or no progress.**

### Details

In our 2016 audit, we noted that the goals of the Ontario Government's Moving on Mental Health Plan included the creation of clear, co-ordinated pathways to services. To support this goal, we noted that lead child and youth mental health agencies were responsible for developing a community mental health report for their service area that focused on the child and youth mental health services and supports delivered by other sectors such as education, health, child welfare and youth justice. However, all lead agencies we visited indicated that they expected it would take several years, and possibly as long as 10 years, before a fully functional community mental health system was in place so that all parties would have knowledge of available services in their area and how to access them.

The Ministry's plans to address this recommendation include leveraging lead agencies' reports dealing with core service delivery and community mental health over the course of the 2018/19 fiscal year, in order to identify promising practices.

In addition, the Ministry plans to work with the Ministry of Health and Long-Term Care, as well as other ministries and stakeholders to identify priorities such as supporting co-ordinated pathways from schools to child and youth mental health agencies, and to begin work on these pathway priorities in 2018. The Ministry anticipates that by 2020 it will complete its work in areas such as sector guidelines on identified pathway priorities.

The Ministry is also working with the Ministry of Health and Long-Term Care to support the implementation of 10 demonstration youth wellness hubs. These hubs are walk-in centres where young people aged 12 to 25 can get one-stop access to mental health and addictions services. The hubs also provide primary care, education,

and employment and housing services for youth. The Ministry advised us that it is supporting the development of a framework for evaluating this initiative, and the results would be used in expediting the creation of clear and co-ordinated pathways to services.

## Ministry Performance Indicators Are Not Sufficient to Monitor the Performance of the Program and Agencies

### Recommendation 9

*To help ensure the Child and Youth Mental Health program is performing as intended to deliver consistent and effective services to Ontario's children and youth who need it, the Ministry of Children, Community and Social Services (Ministry) should:*

- *work with Children's Mental Health Ontario, and child and youth mental health agencies, to identify and implement performance indicators and data requirements that are sufficient, consistent and appropriate to use to periodically assess the performance of the program and the agencies that deliver it;*

**Status: Little or no progress.**

### Details

In our 2016 audit, we noted that the Ministry's performance indicators for the child and youth mental health program were not sufficient to monitor the performance of the program and the agencies effectively. In addition, we noted that the Ministry was not collecting data on all 13 of its new performance indicators. During our 2016 audit, we also noted that the Ministry identified a number of additional indicators that would help measure the performance of the program. However, the Ministry told us that a new Business Intelligence (BI) solution was required to collect the data for these additional indicators and full implementation of the solution was not expected until the 2019/20 fiscal year.

The Ministry established a working group in 2017 that included child and youth mental health agencies and the Centre of Excellence for Child and Youth Mental Health to review and provide feedback on its performance indicators. Based on this feedback, it made changes to both the description and method of calculating of some of the indicators. However, the Ministry is still not collecting data on all of its 13 performance indicators and did not have a timeline for doing so. In addition, it has not introduced new performance indicators to help measure the performance of the mental health program, and does not expect to complete the implementation of its BI solution at all agencies until April 2020. The BI solution will capture anonymized client-level data, and the Ministry expects that its implementation will enable better analysis of performance data and mental health outcomes. The Ministry noted that based on the data collected using the BI solution, it will refine, augment and change its indicators over time as the system matures.

- *assess whether implementing performance indicators that measure the long-term outcomes of children and youth who have accessed mental health services can assist the Ministry to measure the effectiveness of the program and inform future policy decisions;*

**Status: Little or no progress.**

### Details

In our 2016 audit we identified that the Ministry's performance indicators do not capture the long-term outcomes of the children and youth who have received mental health services through the child and youth mental health program. The agencies we visited in the course of our audit indicated that it would be beneficial to have performance indicators in place that measure the long-term outcomes of people who have received child and youth mental health services. For example, such outcomes could be high-school graduation rates, post-secondary

school enrolment rates, incarceration rates, and the percentage that access social assistance.

The Ministry has made little progress toward implementing this recommendation to date. It indicated that it plans to review and determine long-term outcome indicators and associated data measures, and assess the feasibility and suitability of collecting more detailed outcome data by March 2019.

- *assess whether collecting data on the number of children and youth with specific mental health illnesses and disorders may help inform future policy decisions to better address the needs of children and youth;*

**Status: Little or no progress.**

#### Details

In our 2016 audit, we identified that the Ministry does not collect data on the number of children and youth with specific mental health illnesses or disorders to help inform future programming and policy decisions.

The Ministry indicated that to address this recommendation, it is going to be working with the Canadian Institute for Health Information (CIHI) to facilitate data collection and reporting on mental health illnesses and disorders from a subset of child and youth mental health agencies. By November 2018, the Ministry plans to assess whether data collected from a subset of agencies can be extrapolated and appropriately applied at a provincial level to help inform policy decisions.

## Ministry Does Not Monitor the Performance of the Program or Agencies to Facilitate Corrective Action Where Needed and Does Not Collect Data on All Current Ministry Performance Indicators

- *set targets for its performance indicators and use the data it collects to identify instances that may require follow-up and/or corrective action.*

**Status: Little or no progress.**

#### Details

In our 2016 audit, we identified that the Ministry was not using data collected from child and youth mental health agencies on its performance indicators to monitor the performance of the program and agencies. In addition, the Ministry was not collecting data on all 13 of its new mental health performance indicators, and it had not established targets for these indicators against which to measure the results reported by the agencies.

The Ministry indicated that it first plans to fully implement its new Business Intelligence (BI) solution at all agencies by April 2020, and then begin collecting data using this system for three years before establishing targets for its performance indicators in 2024. The Ministry advised us that the BI solution will capture anonymized client-level data that will enable better target-setting and analysis of performance data.

## Publicly Reported Performance Indicators on Wait Times and Child and Youth Mental Health Outcomes Are Misleading

#### Recommendation 10

*To ensure the public's confidence in the Child and Youth Mental Health program is maintained, the Ministry of Children, Community and Social Services should ensure that publicly reported results on the performance of the program provide information that is both accurate and meaningful.*

**Status: Little or no progress.**

### Details

In our 2016 audit, we noted that although the Ministry had established 13 new performance indicators in the 2014/15 fiscal year, it had yet to publicly report on any of them. In addition, we found that discontinued performance indicators that had previously been reported publicly—on wait times to receive service, and outcomes for those who completed service—were incomplete and misleading.

The Ministry does not publicly report on its current performance indicators, and has not identified a date by which it will share data publicly. However, the Ministry has shared data on its performance indicators from the 2015/16 fiscal year with the Institute for Clinical Evaluative Sciences (ICES). ICES subsequently publicly published *The Mental Health of Children and Youth in Ontario: 2017 Scorecard* in June 2017. The ICES scorecard included data on some of the Ministry's performance indicators.

## Better Co-ordination with Other Ministries May Help with the Delivery of Mental Health Services and Improve the Outcomes of Children and Youth

### Recommendation 11

*To help meet the goals of the Comprehensive Mental Health and Addictions Strategy for improving mental health outcomes and reducing the per person cost of mental health services, the Ministry of Children, Community and Social Services should work with other ministries that provide mental health services to:*

- *determine the impact of their initiatives on the mental health outcomes of children and youth, and further leverage initiatives that result in improved mental health outcomes for children and youth;*

**Status:** Little or no progress.

### Details

In our 2016 audit, we identified that the Ministry led the Comprehensive Mental Health and Addictions Strategy from 2011/12 to 2013/14, and introduced a number of initiatives along with other ministries participating in this strategy, such as the Ministries of Health and Long-Term Care, Education, and Advanced Education and Skills Development. However, we found that the Ministry had not worked with other participating ministries to determine the impact of their initiatives on the mental health outcomes of children and youth, or to identify and further leverage the initiatives that have led to positive outcomes.

The Ministry has not made significant progress toward implementing this recommendation. However, the Ministry informed us that it plans to work with the Ministries of Health and Long-Term Care, Education, and Training, Colleges and Universities (formerly Advanced Education and Skills Development) to develop common indicators to measure the mental health outcomes of children and youth by September 2020. The Ministry indicated that it then intends to use these indicators to measure the impact of the initiatives and assess if specific initiatives require their own evaluation framework. In addition, the Ministry plans to fully implement its Business Intelligence solution at all agencies by April 2020. The Ministry expects that implementation of this solution, which will capture anonymized client-level data, will enable better analysis of mental health outcomes and better targeting of investments.

- *further analyze the increases in in-patient hospitalizations and hospital emergency room visits by children and youth for mental health issues, assess the nature of these visits, and use the information to put in place actions to reduce visits by, for example, focusing on promotion, prevention and early intervention.*

**Status:** Little or no progress.

### Details

In our 2016 audit, we noted that between 2008/09 and 2015/16, emergency room visits by children and youth for mental health problems had increased by over 50%. In addition, we noted that between 2008/09 and 2014/15, in-patient hospitalizations of children and youth had also increased by over 50%. We also found that the Ministry had not worked with the Ministries of Health and Long-Term Care, Education, and Advanced Education and Skills Development to identify whether further opportunities exist to improve the outcomes of children and youth, and potentially reduce wait times and the government's costs to provide mental health services, for example, by focusing additional resources on mental health promotion, prevention and early intervention.

To gain a better understanding of increased emergency department utilization rates by children and youth for mental health and addictions issues, the Ministry engaged ICES, which in 2017 provided the Ministry with a report examining the data. The Ministry advised us that it is currently working with the Ministry of Health and Long-Term Care to complete a comprehensive analysis of available data on the use of hospital-based mental health services by children and youth by the fall of 2018. The Ministry indicated that this work will be used to inform future policy decisions. However, the Ministry has not established a timeline for when it expects to use this information to put in place actions to reduce hospital visits.

# Chapter 1

## Section 1.02

Ministry of the Environment, Conservation and Parks

# Climate Change

Follow-Up on VFM Section 3.02, 2016 Annual Report

### RECOMMENDATION STATUS OVERVIEW

|                   | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|-------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                   |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1  | 2                        |                               |                                 | 2                     |                         |                      |
| Recommendation 2  | 2                        |                               |                                 | 2                     |                         |                      |
| Recommendation 3  | 2                        |                               |                                 | 1                     |                         | 1                    |
| Recommendation 4  | 1                        |                               |                                 |                       |                         | 1                    |
| Recommendation 5  | 3                        |                               |                                 |                       |                         | 3                    |
| Recommendation 6  | 2                        |                               |                                 |                       |                         | 2                    |
| Recommendation 7  | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 8  | 2                        | 1                             |                                 |                       |                         | 1                    |
| Recommendation 9  | 2                        |                               |                                 |                       |                         | 2                    |
| Recommendation 10 | 1                        |                               |                                 |                       |                         | 1                    |
| Recommendation 11 | 3                        |                               |                                 | 3                     |                         |                      |
| Recommendation 12 | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 13 | 2                        | 2                             |                                 |                       |                         |                      |
| Recommendation 14 | 2                        |                               |                                 | 2                     |                         |                      |
| Recommendation 15 | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 16 | 1                        |                               |                                 | 1                     |                         |                      |
| <b>Total</b>      | <b>28</b>                | <b>3</b>                      | <b>0</b>                        | <b>14</b>             | <b>0</b>                | <b>11</b>            |
| <b>%</b>          | <b>100</b>               | <b>11</b>                     | <b>0</b>                        | <b>50</b>             | <b>0</b>                | <b>39</b>            |

## Overall Conclusion

On July 3, 2018, the Ontario government revoked the cap-and-trade regulations under the *Climate*

*Change Mitigation and Low-carbon Economy Act, 2016* and filed a new regulation (Ontario Regulation 386/18) prohibiting Ontario cap-and-trade participants from purchasing, selling, and trading cap-and-trade allowances. On July 25, 2018, the

Minister of the Environment, Conservation and Parks introduced Bill 4, the *Cap and Trade Cancellation Act* (Act), which received Royal Assent on October 31, 2018. The Act repeals the *Climate Change Mitigation and Low-carbon Economy Act* and winds down the cap-and-trade program. With the change in government and passing of the Act, 39% of the actions we recommended in our *2016 Annual Report* are no longer applicable.

Prior to July 2018, the Ministry of the Environment and Climate Change (now the Ministry of the Environment, Conservation and Parks) had made progress in implementing a number of these recommended actions. Of the remaining recommended actions, as of August 15, 2018, 18% have been fully implemented. For example, the Ministry has fully implemented recommendations relating to incorporating climate change into environmental assessment guidance.

However, the Ministry has made little or no progress on 82% of the remaining recommended actions. For example, since our 2016 report, the Ministry has not reviewed its *2011–2014 Climate Change Adaptation Strategy and Action Plan* (Adaptation Plan) to determine whether any revisions are needed, nor has it publicly reported on the implementation status of all items. The Ministry is currently drafting a new climate change plan relating to both mitigation and adaptation, which is expected to be released in fall 2018.

The government has stated that one of the purposes of the *Cap and Trade Cancellation Act* is to limit the province's vulnerability to litigation related to the cancellation of cap and trade. However, at the time of our follow-up, Tesla Canada filed legal action against the provincial government related to the cancellation of the Electric and Hydrogen Vehicle Incentive Program (a program that was part of the government's climate change action plan), citing it had been unfairly excluded from the wind-down grace period. On August 27, 2018, an Ontario Superior Court Judge ruled in favour of Tesla and required the government to review the wind-down of the program or provide

justification for Tesla's exclusion. On September 11, 2018 a lawsuit was filed on behalf of Greenpeace Canada alleging the government unlawfully failed to engage in public consultations over the cancelling of cap and trade, as required by Ontario's *Environmental Bill of Rights*. Following this, the government posted Bill 4 on the Environmental Registry for a 30-day comment period.

The status of actions taken on each of our recommendations is described in this report.

## Background

Scientific studies indicate increased emissions of greenhouse gases, such as carbon dioxide and methane, from human activities have warmed the Earth's atmosphere and altered climate patterns around the world. The international community has highlighted climate change as an urgent and potentially irreversible threat to humans and the environment, and agreed an international response is required to reduce greenhouse-gas emissions.

The Ministry of the Environment and Climate Change (now the Ministry of the Environment, Conservation and Parks) (the Ministry) had identified climate change as a critical global environmental and economic challenge that will bring increasingly severe weather to Ontario in coming years. The Ministry had a mandate to lead Ontario's efforts to reduce greenhouse gases and adapt to the effects of climate change.

To do this, it had defined emission-reduction targets and introduced policies and programs, one of the most significant of which was a cap-and-trade system that commenced in January 2017. The rules for how cap and trade would operate in Ontario, as well as how cap-and-trade revenues were to be spent, were set out in the *Climate Change Mitigation and Low-carbon Economy Act, 2016* and its regulations. In response to the impacts of climate change, in 2011 the Ministry released its *2011–2014 Climate*

*Change Adaptation Strategy and Action Plan* (Adaptation Plan).

In January 2018, the province linked its cap-and-trade system to existing ones in Quebec and California, which meant that businesses in all three jurisdictions were able to trade allowances with each other. This allowed one jurisdiction to claim an emissions reduction that was achieved in another.

In the four-year period from 2017 to 2020, the Ministry expected to raise about \$8 billion in revenues from the sale of cap-and-trade allowances, and it committed this revenue largely to emission-reduction initiatives. These initiatives are identified in the Climate Change Action Plan that the Ministry released in June 2016.

At the time of our 2016 audit, the Ministry said that Ontario was on track to achieve its target to reduce 2020 emissions by 15% from 1990 levels.

Our 2016 audit found the following:

- It was likely that less than 20% of reductions required to meet the province's 2020 target would be achieved in Ontario: Of the 18.7 megatonnes (Mt) of greenhouse-gas emissions that will have to be cut to achieve the 2020 target, only 3.8 Mt (20%) were expected to be achieved in Ontario. The remaining 80%—about 14.9 Mt—were actually forecast to be reduced in California and/or Quebec, yet Ontario planned to take credit for both its own reduction and this 80% reduction occurring outside of Ontario. We noted that the 2015 Paris Agreement allows one country to claim another's emissions reductions, but only if both federal governments (e.g., Canada and the United States) have formally agreed to such an exchange. At the time of our 2016 audit, no such agreement existed.
- Small reductions in emissions in Ontario were expected to come at a significant cost to Ontario businesses and households. Under the linked cap-and-trade system, Ontario businesses were expected to pay

up to \$466 million by 2020 to Quebec and California for allowances. Based on preliminary estimates by the Ministry in 2015 used to inform program design, that amount could rise to \$2.2 billion by 2030.

- The Ontario Energy Board ruled not to separately disclose the cost of cap and trade on natural gas bills despite stakeholder groups' interest in disclosure.
- Under the linked system, Ontario's cap did not actually control the amount of greenhouse gases that could be emitted in Ontario. Because Ontario chose to link with California and Quebec, Ontario could exceed its own emissions cap if Ontario emitters decided to purchase allowances from Quebec or California.
- No formal agreements or rules were established among the three jurisdictions to prevent a reduction of emissions from being reported in more than one jurisdiction. For example, if an Ontario company buys an allowance from California, that allowance could be reported by the Ontario government as a reduction in Ontario, thereby helping Ontario meet its target. However, California may also count the same reduction toward its target—meaning more reductions overall would be claimed than were actually achieved.
- Based on our review of the Climate Change Action Plan (Action Plan), we noted that the Action Plan contained unrealistic or unsubstantiated assumptions. For example:
  - \$100 million of cap-and-trade revenues was to be used to help natural gas distributors increase their use of biogas, a "renewable" natural gas made from the decomposition of organic materials. The Action Plan indicated this initiative would reduce greenhouse-gas emissions by 1 Mt. However, our review of information from the Biogas Association of Canada indicated that the production capacity

for biogas at the time was insufficient to meet this proposed demand and that the required capacity to achieve the 1 Mt was 500 times more than what was available in 2016.

- Between 2017 and 2020, the Ministry planned to spend up to \$1.32 billion of cap-and-trade revenues to reduce electricity prices, stating this would result in 3 Mt of greenhouse-gas reductions. However, neither the Ministry nor the provincial agency that oversees Ontario's electricity system could show how they arrived at the 3 Mt estimate.

Our other findings included:

- The reduction of greenhouse gases was not an established priority of many ministries, and there was no government-wide process to ensure climate change was adequately considered in decision-making processes.
- The Ministry had taken little action to identify or follow up on key risks Ontario faces from the anticipated future effects of climate change. Although the Ministry issued an Adaptation Plan in 2011 that was to have been fully implemented by 2014, only 30% of the actions set out in the Plan had been completed as of August 2016. Further, the Ministry did not have the authority to require other ministries to complete the actions in the Adaptation Plan.

We made 16 recommendations, consisting of 28 action items, to address our audit findings. We received commitment from the Ministry that it would take action to address our recommendations.

## Status of Actions Taken on Recommendations

We conducted assurance work between April 1, 2018, and August 15, 2018. We obtained written representation from the Ministry of the Environ-

ment, Conservation and Parks (formerly the Ministry of the Environment and Climate Change) that effective October 31, 2018, it has provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

## Recent Global Initiatives May Force Ministry to Refine Targets

### Recommendation 1

*To ensure Ontario's targets are aligned with those of the federal government, the Ministry of the Environment and Climate Change should:*

- *co-ordinate with the federal government regarding impacts of the federal targets on key policies and programs in Ontario;*
- *ensure any process for revising targets considers the impacts on and interests of Ontarians.*

**Status: Little or no progress.**

### Details

In 2007, the Ministry released a climate-change mitigation plan, which contained the following targets for reducing Ontario's annual emissions, using 1990 emissions as a baseline (in 2015, a midterm target for 2030 was added):

- 2014—6% below 1990 levels, estimated to be 171 Mt;
- 2020—15% below 1990 levels, estimated to be 154.7 Mt;
- 2030—37% below 1990 levels, estimated to be 114.7 Mt; and
- 2050—80% below 1990 levels, estimated to be 36.4 Mt.

In October 2016, 192 countries, including Canada, signed the Paris Agreement, which commits them to “holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change.” At the time of our audit, the Canadian government indicated it would

review its national target. However, to date, the federal government has not revised its targets in light of the 2015 Paris Agreement.

At present, Canada's greenhouse-gas targets are not province-specific, and Ontario's previously legislated 2030 target of 37% below 1990 emission levels was more stringent than the equivalent target based on Canada's 2030 target of 30% below 2005 emission levels. The Ministry had been working with Environment and Climate Change Canada to provide the information required to confirm that Ontario's current climate change approach is aligned with the federal benchmark. In March 2017, the Ministry met with federal representatives in Ottawa to discuss the alignment of Ontario's Climate Change Action Plan and the planned actions in the federal Pan-Canadian Framework on Clean Growth and Climate Change.

Ontario's current targets were enshrined in legislation under the *Climate Change Mitigation and Low-carbon Economy Act, 2016* (Act). However, the *Cap and Trade Cancellation Act* repealed the 2016 Act and Ontario's original greenhouse gas targets. The *Cap and Trade Cancellation Act* states that the government will establish new targets for the reduction of greenhouse gases and a climate change plan. At the time of our follow-up, no new targets or plans had been announced.

## Coal Plants Closing and Recession Main Contributors to Achievement of Ontario's 2014 Reduction Target

### Recommendation 2

To keep Ontarians updated on the status of its efforts to reduce greenhouse gases, the Ministry of the Environment and Climate Change should:

- report at least annually to the public on its overall progress toward meeting its emissions targets;

**Status: Little or no progress.**

### Details

As of the 2007/08 fiscal year, the Ministry committed to report annually on emissions levels and its plans regarding future efforts to cut emissions. However, until 2016, it was under no legal obligation to do so, and it issued no reports in 2011 and 2013. Under the *Climate Change Mitigation and Low-carbon Economy Act, 2016* (Act), the Ministry established the requirement for annual reporting on the status of actions outlined in any climate change plan. These reports were required to be tabled in the legislature and posted on the Ministry's website.

On March 14, 2018, the Ministry released its first progress report under the Act. This report included the province's total emissions in 2015 and the province's forecast emissions reductions for the 2020 and 2030 target.

However, the *Cap and Trade Cancellation Act*, which received Royal Assent on October 31, 2018, repealed the *Climate Change Mitigation and Low-carbon Economy Act, 2016*. The new Act still requires progress reports on climate-change plans, but it does not outline how often the Minister will provide progress reports and what the progress reports will include.

- explain the outcomes of its specific initiatives to reduce emissions.

**Status: Little or no progress.**

### Details

The *Climate Change Mitigation and Low-carbon Economy Act, 2016* required the Minister to describe the status of the actions set out in any climate-change action plan.

The Ministry's 2017 Climate Change Action Plan Progress Report included estimates of reductions to 2050 for initiatives implemented in 2017. The Ministry informed us that when the progress report was developed, information about actual initiative-level emissions reduction was not available for the period between implementation of the Climate Change Action Plan in 2016 and the end of

2017. While not required by legislation, starting in January 2018, the government required ministries to submit reports every six months (for periods ending March 31 and September 30) explaining actual emissions reductions for initiatives funded by cap-and-trade revenues. In April 2018, the Ministry informed us that the information in these reports would be incorporated in the next annual report expected in March 2019.

The *Cap and Trade Cancellation Act* removed the requirement to report on climate change “actions.” Neither the 2016 Act nor current Act require the Minister to quantify the reductions achieved by individual initiatives (as opposed to collective greenhouse-gas reductions from actions). This makes it difficult for the government and public to evaluate the outcome of those initiatives.

We continue to believe the Ministry should report at least annually to the public on its overall progress toward meeting the province’s emissions targets, as well as the outcome of individual initiatives to reduce emissions.

## Ontario Cap and Trade Will Not Significantly Lower Actual Emissions up to 2020

### Recommendation 3

*To ensure Ontarians receive a complete picture of the province’s emissions reductions, the Ministry of the Environment and Climate Change should report publicly on:*

- *the short- and long-term financial impacts of cap and trade on Ontarians;*

**Status: No longer applicable.**

### Details

Up until June 2018, the Ministry was preparing to update the cap-and-trade program for the post-2020 targets by modelling and analyzing the impact of the program on the economy (for example, gross domestic product and trade), household costs, net emission reductions (both domestic reductions and

purchases of allowances from Quebec and California), and competitiveness. The Ministry intended to finalize its design for the post-2020 cap-and-trade system by December 2018, after a planned consultation period with stakeholders in late 2018.

However, on July 3, 2018, the Ontario Government revoked the existing cap-and-trade regulation and filed a new regulation prohibiting all trading of emission allowances, and announced they were “committed to an orderly wind down of the [cap-and-trade] program.”

- *both the projected and actual reductions for its 2020 and other targets, in accordance with the reporting requirements of the Canadian National Inventory Report.*

**Status: Little or no progress.**

### Details

The 2017 Minister’s Climate Change Action Plan Progress Report, released on March 14, 2018, shows historical emission estimates and forecast progress toward Ontario’s 2020 and 2030 targets. These forecasts included emission reductions from allowances purchased from Quebec and California, which at the time, were not included in historical emissions reporting in Canada’s National Inventory Report.

It is unclear how the cancellation of cap and trade and repeal of the *Climate Change Mitigation and Low-carbon Economy Act, 2016*, will affect Ontario’s projected emission reductions. At the time of our follow-up, the government had not announced what climate-change initiatives Ontario will adopt going forward.

### Recommendation 4

*To ensure that it adopts the best possible greenhouse-gas-reducing system, the Ministry of the Environment and Climate Change should better study the emissions impact of Ontario joining a linked cap-and-trade system to confirm that Ontario’s*

participation is contributing to additional global emissions reductions.

**Status: No longer applicable.**

#### Details

As noted in our 2016 report, California has a variety of complementary policies, in addition to cap and trade, to reduce emissions. For instance, California's 2014 climate-change plan forecasts that 70% of reductions required to achieve its 2020 goal will be achieved through initiatives other than cap and trade. These policies have reduced the demand for allowances in California's cap-and-trade system. This, combined with the fact that allowance auctions in May and August 2016 were undersold, cast doubt on whether cap-and-trade or other complementary policies are responsible for driving down California's emissions. Therefore, our report recommended that the Ministry study the cap-and-trade system to confirm that Ontario's participation is contributing to additional global emissions reductions.

At the time of this follow-up, no subsequent studies had been done to study such impact. However, considering the government's cancellation of the cap and trade system, this recommendation is no longer applicable.

#### Recommendation 5

*To ensure the new cap-and-trade system operates consistently and fairly to achieve maximum greenhouse-gas emissions reductions in Ontario, the Ministry of the Environment and Climate Change (Ministry) should resolve outstanding matters before implementing the system. Specifically, the Ministry should:*

- *develop protocols for accurately measuring and verifying the impacts of projects eligible for offset allowances;*
- *consider the impact of the free allowances it plans to offer Ontario businesses for emissions reductions achieved before the implementation of cap and trade;*

- *ensure that the same reductions are not reported by multiple jurisdictions.*

**Status: No longer applicable.**

#### Details

Ontario's cap-and-trade system allowed for up to 8% of emissions from large emitters to be covered by "offset allowances." Offset allowances are emissions-reducing projects, such as planting trees and collecting landfill gases. In our 2016 audit, we noted that the emissions-reducing impacts of such projects may be difficult to measure and verify. The Ministry introduced the offset regulation and first offset protocol—rules outlining how to measure and approve the reductions—on January 1, 2018. The second and third offset protocols were posted to the Environmental Registry for public comment in February 2018. Prior to June 2018, the Ministry was working with a consultant to finalize the remaining 10 protocols throughout 2018 with input from a technical task team and a stakeholder team.

Under Ontario's cap-and-trade system, the Ministry had also planned to issue free allowances to companies for up to a total of 2 Mt worth of allowances for emissions reductions achieved between 2012 and 2016, prior to the start of cap and trade. In our 2016 audit, we noted that the Ministry had not factored these free allowances into its cap and that there was risk that these companies will now have allowances permitting them to collectively emit up to 2 Mt more than the cap. The Ministry proposed a regulation including rules for early-reduction credits, and posted it for public comment on February 25, 2016. The final rules for early-reduction credits was targeted for fall 2018. The Ministry expected to analyze the impact of distributing these credits when it finalized the regulation by the end of 2018.

Since our *2016 Annual Report*, Ontario has continued to engage directly with Canada in the development of Article 6 of the Paris Agreement. This article deals with accounting for internationally transferred mitigation opportunities (for example, cap-and-trade allowances purchased from

outside the province). The Ministry held a two-day workshop in March 2018 with international experts and Quebec and California partners to inform development of Article 6. Prior to June 2018, the Ministry anticipated that an accounting methodology for the linked cap-and-trade system would be finalized by fall 2018 (when the United Nations Framework on the Convention of Climate Change Secretariat is expected to finalize, at its next conference in November 2018, a rulebook for how to account for such reductions).

However, in light of the government's cancellation of the cap-and-trade system, this recommendation along with its three action items is no longer applicable.

## Ministry Forecasts Less Greenhouse-Gas Emissions Reduction Than Its Own Action Plan Publicly Communicates

### Recommendation 6

*The Ministry of the Environment and Climate Change should ensure that projected emissions reductions expected from the 2016 Climate Change Action Plan initiatives that it intends to fund from cap-and-trade revenues:*

- are supported by sound assumptions;
- it selects initiatives that achieve the highest value for money.

**Status: No longer applicable.**

### Details

In June 2017, a consultant engaged by the Ministry finalized a guide to be used by all ministries when estimating future greenhouse-gas reductions and actual reductions achieved by climate-change programs. To assess the eligibility of programs to receive funds from cap-and-trade revenues, the Ministry created a standardized form for ministries to fill out, detailing the estimated cost of the program and forecasting the greenhouse-gas reductions it could achieve.

After ministries submitted these forms, the initiatives were assessed by an inter-ministerial Technical Assessment Committee (composed of technical subject matter experts) and by Assistant Deputy Minister and Deputy Minister committees. When reviewing proposals, committee members were to assess the validity of estimated greenhouse gas reductions, and determine whether the program's impact is supported by the results of studies or empirical evidence, or has been proven in other jurisdictions.

However, given the government's recent decision to end the cap-and-trade system, and wind down and retract the funding of programs from the Climate Change Action Plan, this recommendation is no longer applicable.

## Impact on Emissions Often Not Routinely Considered in Provincial Ministries' and Agencies' Decision-Making

### Recommendation 7

*To help guide decisions of ministries and agencies on projects and initiatives, the Ministry of the Environment and Climate Change should develop guidance on the social cost of greenhouse-gas emissions that the ministries and agencies can consistently factor into their decision-making.*

**Status: Little or no progress.**

### Details

At the time of our 2016 audit, ministries were not required to consider the impact of their projects or initiatives on greenhouse-gas emissions. Government decision-making historically considered only the direct financial cost of a project and not the emissions it produced. In March 2018, the Ministry retained an external firm to develop a document to educate ministries about how to include a social cost of carbon when submitting applications for funding from cap-and-trade revenues. This was intended to act as a pilot project that could later expand to decision-making government-wide. For

instance, the government committed to explore opportunities to apply a social cost of carbon in the Long Term Infrastructure Plan.

Given the government's recent decision to end the cap-and-trade system, and wind down and retract the funding of programs from the Climate Change Action Plan, the pilot project for applying a social cost of carbon to projects will no longer occur. At the time of our follow-up, the Ministry had not identified alternative plans to address this recommendation.

### Recommendation 8

*To support climate-change mitigation and adaptation efforts government-wide, the Ministry of the Environment and Climate Change should:*

- *evaluate whether the Minister's Table on Climate Change is sufficient to ensure climate-change mitigation and adaptation goals are also given priority in ministries' and agencies' projects and initiatives and take any necessary corrective action;*

**Status: No Longer applicable**

#### Details

The Ministry has informed us that it does not plan to review the effectiveness of the Minister's Table on Climate Change because it is a policy committee of Cabinet and not under its purview. Further, the Minister's Table no longer exists under the new government.

- *revise the guidance on how environmental assessments are conducted to ensure it includes a range of alternatives that have varying impacts on greenhouse-gas emissions.*

**Status: Fully implemented.**

#### Details

Under the *Environmental Assessment Act*, the Ministry has the authority to set the criteria that must be considered when an environmental assessment is conducted on a proposed project or plan. In

2014, the Ministry updated the requirements for all environmental assessments to consider climate change, but did not draft supporting guidance until 2016.

Subsequent to our 2016 audit, the Ministry finalized the *Guide: Consideration of Climate Change in Environmental Assessment in Ontario* on December 14, 2017. The Guide recommends "proponents should include evaluation criteria, such as greenhouse gas emissions and impacts on carbon sinks, in the assessment of alternatives and alternative methods. In concluding an environmental assessment study, the proponent should also include a statement in their study report about how climate change was considered in the environmental assessment and how the preferred alternative (project) is expected to perform with climate change considered."

## Communication to Public about Cap and Trade Has Been Confusing

### Recommendation 9

*To ensure that Ontarians have a clear understanding of the impact on them of cap and trade, the Ministry of the Environment and Climate Change should:*

- *ensure that its communications to the public are open and transparent;*
- *explain clearly how it plans to meet its targets for reducing greenhouse-gas emissions, including all costs to Ontarians associated with implementing the system.*

**Status: No longer applicable.**

#### Details

In light of the government's cancellation of the cap-and-trade system, this recommendation and its action items are no longer applicable.

However, in the spirit of this recommendation, we believe the government's communications surrounding the cancellation of cap and trade should be open and transparent, including all

associated costs to Ontarians, and it should now clearly explain how it plans to meet any targets for reducing greenhouse-gas emissions it sets under the new legislation.

### Recommendation 10

*In order to ensure transparency and inform natural gas ratepayers about the greenhouse-gas impacts of their energy choices, the government should ensure that natural gas bills disclose the portion of charges in the bill attributable to the cap-and-trade program.*

**Status: No longer applicable.**

#### Details

At the time of our 2016 audit, natural gas utilities included the cost of cap and trade within the delivery line of consumers' bills, but not as a separate line item. Instead, they provided further information on their websites, where a consumer could use a "bill calculator" tool to get an estimate of how much of their bill consists of the cap-and-trade charge.

Following the government's decision to cancel cap and trade, the Ontario Energy Board issued a procedural order to gas distributors asking them to stop including an amount for the cap-and-trade system on consumers' bills. By July 13, 2018, utilities confirmed to the Ontario Energy Board that they have stopped charging an amount.

### Recommendation 11

*To better prepare Ontario for the effects of climate change, the Ministry of the Environment and Climate Change (Ministry) should:*

- *review its Climate Change Adaptation Strategy and Action Plan to determine whether it should be revised, and revise it as required;*

**Status: Little or no progress.**

#### Details

In the summer of 2017, the Ministry determined, in addition to the 2011–2014 Adaptation Plan, further work was necessary to drive government-wide

action on climate-change adaptation. In the winter of 2017/18, it conducted public consultations and identified four key areas for additional work, including the creation of an adaptation governance framework, a new organization focused on climate-change adaptation, a new province-wide risk assessment of climate impacts, and increased public awareness.

On June 7, 2018, the Climate Resilience Centre of Ontario was incorporated as a not-for-profit, non-Crown organization, with the purpose of working collaboratively with stakeholders to assemble, develop and share credible scientific information required for planning to address climate change impacts in Ontario.

In June 2017, the Secretary of Cabinet directed the Ministry to work with the Treasury Board Secretariat, Ministry of Infrastructure, Ministry of Finance, and Cabinet Office to develop options for a climate-change adaptation governance framework.

The Ministry indicated to us that it planned to complete a province-wide climate risk assessment by March 2021. This assessment would quantify the risk of climate change, including impacts on water resources, agriculture, finance, and the boreal forest. It would also look at key climate-change impacts, vulnerabilities and risks facing Ontario, and how they potentially impact specific sectors of the economy, stakeholders and Ontarians overall. The government could use this assessment when developing policies and materials for public access. An interim report was expected to be available in mid-2019, a year after the assessment begins.

At the time of this follow-up, the governance framework had not been finalized and the risk assessment had not yet started. The new government plans to release a new climate change plan in fall 2018, but has not confirmed if either the risk assessment or governance framework will still be pursued, or how the government plans to engage the newly created Climate Resilience Centre of Ontario.

- ensure all Climate Change Adaptation Strategy and Action Plan actions have completion timelines;

**Status: Little or no progress.**

#### Details

Our 2016 audit found that as of August 2016, only 30% of actions in the Ministry's Adaptation Plan had been completed, a further 30% were in the process of being implemented, and little progress was made on about 40% of the actions.

The Ministry has informed us that the new climate change plan it is developing for release in fall 2018 would incorporate elements from the 2011–2014 Climate Change Adaptation Strategy and Action Plan, but could not confirm whether the new plan will have completion timelines.

- ensure it completes the action items for which it is directly responsible.

**Status: Little or no progress.**

#### Details

In our 2016 audit, we identified that nine of the adaptation actions from the 2011–2014 Adaptation Plan under the Ministry's jurisdiction were incomplete and required further work. Following our 2016 audit, the Ministry had not assessed the implementation status of these actions. Based on our review, we identified four actions where the Ministry made further progress since our audit:

- in February 2017, the Ministry published the Lake Simcoe Adaptation Strategy;
- as of December 2017, the Ministry included climate-change considerations in Environmental Assessments (see the details section for **Recommendation 8**);
- instead of conducting a climate indicator study, the Ministry planned to complete a province-wide risk assessment of climate change by March 2021 (see the details section for **Recommendation 14**); and
- participating in the United Nations Development Programme's territorial approach to climate change.

However, we found little additional progress was made in the remaining actions, including:

- considering climate-change adaptation when updating or developing programs or policies;
- promoting water conservation;
- incorporating considerations of climate-change adaptation in drinking water and stormwater management systems; and
- establishing a climate-modelling collaborative.

#### Recommendation 12

*The Secretary of Cabinet, in conjunction with relevant ministries through the Ontario Deputy Ministers' Council, should help to ensure that actions in the Climate Change Adaptation Strategy and Action Plan that are not the direct responsibility of the Ministry of the Environment and Climate Change are completed on time by their respective ministries.*

**Status: Little or no progress.**

#### Details

Since our 2016 audit, ministries have not submitted updates on the status of actions in the 2011–2014 Adaptation Plan to Cabinet or the Ministry. The Secretary of Cabinet has also not issued any directives related to the Adaptation Plan.

In its June 2017 review of the government's approach to climate-change adaptation, the Ministry noted that there is no comprehensive direction for ministries or their agencies to consider climate risks, and few have the expertise to apply climate data into program design. As part of the government's revised adaptation approach, the Secretary of Cabinet directed the Ministry to work with the Treasury Board Secretariat, Ministry of Infrastructure, Ministry of Finance, and Cabinet Office to develop options for a climate-change adaptation governance framework. (See the details section for **Recommendation 11**.) However, at the time of this follow-up, the new government had not confirmed if this governance framework will still be pursued.

### Recommendation 13

*As recommended by the Expert Panel on Climate Change Adaptation, the Ministry of the Environment and Climate Change should:*

- *obtain information on multiple weather forecasting scenarios using different weather, precipitation and temperature assumptions across Ontario;*

**Status: Fully Implemented.**

#### Details

In 2007, the Ministry assembled an Expert Panel on Climate Change Adaptation (Expert Panel) to consider the potential risks posed by climate change. The Expert Panel noted that accurate weather forecasts are difficult to develop, and that any one forecast will not be sufficient to support proper planning. It indicated that the best approach is to use multiple forecasts. At the time of our 2016 audit, the Ministry regularly posted climate data on two publicly accessible academic data portals, but had not created the type of combined weather model recommended by the panel.

In March 2016, the Ministry provided \$180,000 for a project that aimed to consolidate all climate projections available for Ontario into one standardized set of climate projections that will include other emission scenarios, multiple temperature and precipitation assumptions, and much finer resolution (climate projections will be available for areas as small as 10 square kilometres). The final version of the project was launched online through the Ontario Climate Data Portal in June 2018. This data model provides users with projections for annual and seasonal average temperatures and precipitation, as well as extreme climatic indicators such as heat waves, across the province for up to 50 years into the future.

- *share this information with all relevant stakeholders for planning adaptation preparations.*

**Status: Fully implemented.**

#### Details

As noted above, the Ministry made information on multiple weather forecasting scenarios using different weather, precipitation and temperature assumptions publicly available online through the Ontario Climate Data Portal in June 2018. In addition to this, the Ministry planned to direct a new climate-change adaptation organization created in June 2018 (see action item one of **Recommendation 11**) to make climate data more accessible. This would include working with municipalities and conservation authorities to make the data useful for preparations to adapt to a changing climate. It is unclear if this will occur as part of the government's new climate change plan expected to be released in fall 2018.

### Recommendation 14

*In accordance with its Climate Change Adaptation Plan, the Ministry of the Environment and Climate Change should:*

- *conduct a Climate Impact Indicators Study to track and assess the success of government policy and programs in the Adaptation Plan;*
- *share the results of the study with other appropriate ministries and municipalities to support decisions made or determine what further actions need to be taken*

**Status: Little or no progress.**

#### Details

The 2011–2014 Adaptation Plan required the Ministry to conduct a Climate Impact Indicators Study to track and assess the success of government policy and programs in the Adaptation Plan, for example, on the following areas:

- Broad environmental—water quality and quantity, fish and wildlife populations, and forest health.
- Economic-specific sectors—golf course open/closing days, yields on agricultural products, ski-lift-pass sales, etc.

- Social and health—heat alert days, reported respiratory distress (which can be brought on by extreme heat), and municipal water-use restrictions.

The Plan indicated that the climate indicator study was to be used in conjunction with ongoing climate-monitoring data—such as precipitation, wind speeds, and humidity—to analyze trends and assess government policy and programs. At the time of our 2016 audit, the Ministry had not conducted this study.

As noted in action item one of the **Recommendation 11**, in 2017 the government committed to a province-wide risk assessment. The Ministry informed us this was in place of a climate indicator study. However, it is unclear if the Ministry's new climate change plan to be completed in fall 2018 will include a climate-change indicator study or a climate-change risk assessment.

### Recommendation 15

*To help Ontarians assess their own vulnerabilities to climate change, and to take action to address them, the Ministry of the Environment and Climate Change should provide the public with regular information on specific risks of and possible responses to the effects of climate change in Ontario.*

**Status: Little or no progress.**

#### Details

Since our 2016 audit, the Ministry has not provided information on specific risks and possible responses to the effects of climate change. It is unclear if the Ministry's new climate change plan to be completed

in fall 2018 will provide the public with regular information on risks and possible responses to the effects of climate change in Ontario.

### Recommendation 16

*To promote transparency and accountability, the Ministry of the Environment and Climate Change should revise as needed and regularly report publicly on the implementation status of its Climate Change Adaptation Strategy and Action Plan.*

**Status: Little or no progress.**

#### Details

At the time of our 2016 audit, the Ministry had publicly reported on the status of the 2011–2014 Adaptation Plan only once, in 2012.

As part of the public consultation on adaptation in November 2017, the Ministry provided an update on some of the initiatives in the Adaptation Plan and included on its website links to programs that address some of the actions in the Adaptation Plan, such as land use plans. However, this was not a formal and comprehensive update on all 37 actions in the Adaptation Plan. For example, no updates were provided for Action #15 (to pilot adaptation strategies in the tourism sector), Action #16 (to conserve biodiversity and support resilient ecosystems), or Action #9 (integrating adaptive solutions to drinking water management).

At the time of our follow-up, the Ministry had no additional plans to publicly report on the Adaptation Plan and had archived this section of its website.

# Electronic Health Records' Implementation Status

Follow-Up on VFM Section 3.03, 2016 Annual Report

| RECOMMENDATION STATUS OVERVIEW |                          |                               |                                 |                       |                         |                      |
|--------------------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                                | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|                                |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1               | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 2               | 2                        |                               | 1                               | 1                     |                         |                      |
| Recommendation 3               | 3                        | 1                             | 2                               |                       |                         |                      |
| Recommendation 4               | 2                        |                               | 1                               | 1                     |                         |                      |
| Recommendation 5               | 2                        |                               | 2                               |                       |                         |                      |
| Recommendation 6               | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 7               | 2                        |                               | 2                               |                       |                         |                      |
| Recommendation 8               | 2                        |                               | 2                               |                       |                         |                      |
| Recommendation 9               | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 10              | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 11              | 3                        | 3                             |                                 |                       |                         |                      |
| Recommendation 12              | 3                        | 2                             | 1                               |                       |                         |                      |
| <b>Total</b>                   | <b>23</b>                | <b>6</b>                      | <b>15</b>                       | <b>2</b>              | <b>0</b>                | <b>0</b>             |
| <b>%</b>                       | <b>100</b>               | <b>26</b>                     | <b>65</b>                       | <b>9</b>              | <b>0</b>                | <b>0</b>             |

## Overall Conclusion

As of October 31, 2018, the Ministry of Health and Long-Term Care (Ministry) and eHealth Ontario have fully implemented 26% of the actions we recommended in our 2016 Annual Report and have made progress in implementing an additional 65% of the recommendations.

The Ministry and eHealth Ontario have fully implemented recommendations such as establishing and communicating a consistent definition of “active user” across the province. They also have examined the reasons for the low rate at which health-care professionals adopted electronic health records and prepared a plan to address the root causes of the low usage rates.

As well, the Ministry and eHealth Ontario were in the process of phasing in recommendations such as updating a budget of the costs to complete the overall electronic health record initiative, identifying any lab information that should be uploaded to the Ontario Laboratories Information System, and requiring health-care organizations and health-care professionals to upload all lab information.

However, the Ministry and eHealth Ontario had made little progress on 9% of the recommendations, including publicly reporting on all costs incurred to date and the status of these costs compared to the updated budget and plans.

The Ministry indicated that it would align its actions to implement our recommendations with the new government's direction on digital health.

The status of actions taken on each of our recommendations is described in this report.

## Background

The Ministry of Health and Long-Term Care (Ministry) began developing the Smart Systems for Health Agency in 2002 to start a provincial electronic health system. The functions of this agency, as well as a Ministry branch that previously worked on Electronic Health Record (EHR) application and clinical data management projects, were amalgamated into eHealth Ontario when it was created in 2008.

eHealth Ontario's mandate is to create a system that, in addition to providing an EHR for every Ontarian, includes a data network that stores EHR data and makes it quickly and securely available to health-care providers.

An EHR is defined as "a secure and private lifetime record of an individual's health and health-care history, available electronically to authorized health-care providers." EHRs are intended to replace physical records (on paper and x-ray film, for example) that are not always up to date or readily accessible to health-care providers.

In 2008, and again in 2010, the Ministry set 2015 as the target year for eHealth Ontario to have a fully operational EHR system across Ontario. By then, although some EHR projects were up and partially running, a fully operational province-wide EHR system was not in place. The Ministry did not formally extend the 2015 deadline, but eHealth Ontario continued its work and expected to complete the remainder of its project-build work by March 2017. It was unclear at the time of our audit when a fully operational EHR system would be available in Ontario.

We found that while some individual systems had been developed to collect and provide specific types of patient health information, there was still no provincially integrated system that allowed easy and timely access to all this information. This meant that it was still not possible for all authorized health-care professionals to access complete health information (for example, lab tests, drug information or x-rays) about a patient regardless of where in Ontario the patient received health services. As well, not all physicians who used Electronic Medical Record systems could connect to the provincial databases because of incompatible technology.

While the Ministry had a good understanding of the spending on EHR projects managed directly by eHealth Ontario, it had not tracked the total spending on the EHR initiative incurred by other health-care organizations. Spending on projects not managed directly by eHealth Ontario included, for example, systems used in hospitals and family doctors' offices that contain patient health information.

We used information that the Ministry maintained, along with data we gathered directly from a sample of health-care organizations, to estimate that the cost incurred from 2002/03 to 2015/16 to complete EHRs across the province was approximately \$8 billion.

Because the EHR initiative was still not fully complete and lacked an overall approved strategy and budget (the Ministry only established a budget for eHealth Ontario's portion of the initiative), the Ministry did not know how much more public

funding was needed before the initiative was considered effectively implemented.

Our specific findings included:

- Although approximately \$8 billion had been spent to enable a functional EHR, parts of the EHRs were still not completely in use and others were only partially functional. This spending covered a 14-year period between 2002/03 and 2015/16, and included eHealth Ontario's project costs and EHR-related costs incurred in the broader health sector. Of the total \$8 billion, eHealth Ontario and its predecessor agency spent \$3.2 billion, the Ministry and its funded projects such as the Ontario Telemedicine Network and Cancer Care Ontario spent \$1.5 billion, and Local Health Integration Networks–funded health-care organizations such as hospitals spent \$3.7 billion.
- The Province had not established an overall strategy to guide the work of eHealth Ontario and all other health-sector organizations to enable a fully functioning EHR system in Ontario. As well, there was no overall budget for all EHR projects and EHR-related activities undertaken in Ontario.
- As of March 2016, a year after its deadline passed, seven core projects managed by eHealth Ontario were still within budget but only about 80% complete. eHealth Ontario said it expected to fully complete its work within budget to build the EHR systems by March 2017.
- A significant factor for eHealth Ontario's difficulty in completing projects on time was that it had no control over what most health-care organizations did with their own data systems. In effect, eHealth Ontario was mandated to connect these systems, but it was not given the authority to require organizations to upload necessary clinical information into its EHR systems.
- The EHR system included four regional Diagnostic Imaging databases across the

province to store images, such as x-rays and CT scans, and related reports. However, 60% of privately owned imaging clinics did not use digital equipment and so were unable to upload the approximately 5.4 million patient images they create each year.

- As part of the EHR project, eHealth Ontario and the Ministry spent \$71 million on a province-wide Diabetes Registry, which was to contain information to help treat the growing number of Ontarians with diabetes. However, eHealth Ontario terminated the project in 2012 before it was complete.
- The drug information system is used to track dispensed and prescribed medications of all Ontarians. eHealth Ontario was originally responsible for this project, but did not complete it. The Ministry assumed direct responsibility for the project in 2015. By March 2015, the Ministry and eHealth Ontario had spent a combined \$50 million on the project. The Ministry redesigned the project and expected to complete it by March 2020, but had no cost estimate for completing the entire project.

Our report contained 12 recommendations, consisting of 23 actions, to address our audit findings.

We received commitment from eHealth Ontario and the Ministry that they would take action to address our recommendations.

## Status of Actions Taken on Recommendations

We conducted assurance work between April 1, 2018, and June 6, 2018, and obtained written representation from the Ministry of Health and Long-Term Care and eHealth Ontario that effective October 31, 2018, they have provided us with a complete update of the status of the recommendations we made in the original audit two years prior.

## Lack of Provincial Strategy and Leadership to Guide Ongoing eHealth Work

### Recommendation 1

*To ensure that all parties are held accountable for their responsibilities, the Ministry of Health and Long-Term Care should clarify and document the roles and responsibilities of all parties in the development of relevant projects in the next version of its Electronic Health Record strategy.*

**Status:** In the process of being implemented by April 2020.

### Details

In our 2016 audit, we found that the Ministry had not defined the roles and responsibilities of all partners involved in the EHR strategy.

During our follow-up, we found that the Ministry published the Digital Health Action Plan in March 2018. This plan had 10 initiatives and spelled out how the Ministry intended to prioritize investments in digital health over the next few years. The plan documented the roles and responsibilities of digital health partners in the delivery of each of the 10 initiatives. The Ministry plans to review the plan annually to ensure that roles and responsibilities are evaluated on an ongoing basis and expects to have the plan in place by April 2020.

Also, the Ministry put in place a governance framework that is led by the Digital Health Board. The Digital Health Board is composed of the Chief Executive Officers (CEOs) of selected Local Health Integration Networks, Associate Deputy Ministers from the Ministry, the eHealth Ontario CEO, and representatives from the health sector (such as health-care providers). The Digital Health Board provides advice on how digital health can be improved and funding best used.

In addition, the Ministry issued mandate letters in July 2017 to provincial digital health delivery partners, such as eHealth Ontario, the Ontario Telemedicine Network and OntarioMD (a subsidiary of the Ontario Medical Association.) The mandate letters set out expectations for meeting the objectives

of the plan, including specific deliverables, targets and timelines. The Ministry plans to continue issuing mandate letters to other delivery partners, such as the electronic Child Health Network, by December 2018.

## Significant Funding Provided to Implement Electronic Health Records

### Recommendation 2

*To ensure that the full costs of implementing the Electronic Health Records Initiative are transparent, appropriate and reasonable, the Ministry of Health and Long-Term Care should:*

- *prepare an updated budget of the costs to complete the overall initiative, including estimated costs of all EHR projects to be developed by taxpayer-funded health-care organizations—not just eHealth Ontario—along with its revised EHR strategy;*

**Status:** In the process of being implemented by March 2019.

### Details

Our 2016 audit found that the government lacked sufficient information on the cost to all organizations connecting to and using the EHR system. Without such information, the government could not monitor overall spending on the EHR initiative.

In our follow-up, we found that the Ministry approved an annual budget of \$292.6 million to eHealth Ontario for the 2017/18 fiscal year. In December 2017, the Ministry hired a consultant to assess the current financial state of digital health in Ontario and recommend best practices for future financial management of the digital health system. The Ministry was still awaiting the consultant's report when we completed the follow-up. Upon receiving this consultant's report, the Ministry will consider the recommendations and develop a plan accordingly, including updating the forecast of digital health expenditures, by March 2019.

- *publicly report, at least annually, on all costs incurred to date and the status of these costs compared to the updated budget and plans.*

**Status: Little or no progress.**

#### Details

As mentioned above, the Ministry will consider the recommendations made in the consultant's report and develop a plan accordingly. The Ministry will consider public reporting as part of the plan.

#### Recommendation 3

*To ensure Electronic Health Record (EHR) projects are completed on time and comprise the anticipated functionalities, eHealth Ontario should:*

- *make clinical data available without patient identifying information in the Ontario Laboratories Information System;*

**Status: In the process of being implemented by December 2019.**

#### Details

When we conducted our audit in 2016, we found that the Ontario Laboratories Information System was supposed to allow authorized researchers working on health-care planning and policy-making to access data that was free of patient-identifying information by March 2013. However, we found that there was no database free of patient-identifying information at the time of our audit.

The Ministry and eHealth Ontario had made Labs System data available to the Institute for Clinical Evaluative Sciences since February 2016. They also made it available to Cancer Care Ontario, after our audit, in March 2017.

Also since our audit, eHealth Ontario has been working with the Ministry and the Information and Privacy Commissioner of Ontario to more efficiently share EHR data that does not contain patient identifying information with other organizations, such as research institutes. In September 2017, eHealth Ontario initiated a forum of stakeholders from the research community, public health and

others interested in advanced analytics to look at the potential of EHR patient data for secondary use—that is, to conduct research for the purpose of streamlining health-care service delivery or keeping track of health-care costs. The Ministry expects to make clinical data available to these groups by December 2019.

- *set timelines for completing all phases and functionalities of all EHR projects;*

**Status: In process of being implemented by March 2021.**

#### Details

In 2016, our audit found that the Ministry directed eHealth Ontario in 2010 to focus on 12 projects essential to completing the EHR initiative, seven of which were considered core. It set March 2015 as the target completion date.

We found that eHealth Ontario cancelled the Diabetes Registry project in 2012, which was one of the core projects. In May 2015, the Ministry took over another of the core projects, the Drug Information System, from eHealth Ontario. This system would allow physicians to electronically prescribe new medications directly to a pharmacy, and doctors, nurses and pharmacists could view patient medication information on a database. In July 2016, the Ministry entered into an agreement with Canada Health Infoway for an ePrescribing service that was expected to be in place by March 2018.

The status of the remaining five non-core projects was as follows in 2016: Physician eHealth and Chronic Disease Management were in progress; the Ministry had no finalized plans yet for Consumer eHealth (to let patients view their health information on their personal computers); Panorama (the provincial immunization project) focused on immunization records of school-aged children; and Technology Services (to ensure that EHR systems and databases functioned reliably) was completed.

The Ministry advised us during our follow-up that Canada Health Infoway is leading the ePrescribing service project and the implementation is

currently under way. In addition, eHealth Ontario completed the remaining five core EHR projects as of March 31, 2017. The five projects are: the Ontario Laboratories Information System; Diagnostic Imaging; Integration Services; Client, Provider, and User Portals; and Client, Provider, and User Consent Registries. eHealth Ontario submitted final reports and lessons-learned documents to the Treasury Board Secretariat for formal close-out.

Progress made on the other non-core EHR projects that were not yet completed at the time of our 2016 audit, which were the responsibility of the Ministry and its delivery partners, including eHealth Ontario, was as follows at the time of our follow-up:

- The Digital Health Action Plan includes metrics on the Physician eHealth project, such as increasing the number of community-based physicians using value-added features, such as point-of-care alerts, in the Electronic Medical Records systems. The Ministry aims to have 95% of community-based providers use this feature by March 2021 (up from 40% in 2018).
- The Digital Health Action Plan includes initiatives focused on Chronic Disease Management. For example, the Ministry plans to support 100,000 patients in managing their chronic conditions through digital self-care solutions, such as Telehomecare, by March 2021. Telehomecare allows patients to input and transmit their vital health information electronically from their home to a clinician who provides health education and coaching support.
- The Ministry has pursued a number of initiatives on Consumer eHealth, including the SPARK project, Digital Yellow Card and patient digital access channels. The SPARK project provides consumers with secure access to their health information on their mobile devices and personal computers; the Ministry expects to complete this work by March 2019. Digital Yellow Card, which

the Ministry launched as a pilot in October 2016, captures immunization records digitally. Patient digital access channels include patient portals and consumer apps that enable patients to digitally access their health records from specific health-care providers. The Ministry indicated that it was working with a number of these providers to create ways to enable patients to use these channels to access data, such as drug records and lab test results, from the provincial repositories.

- The Ministry submitted final reports and lessons-learned documents for Panorama to the Treasury Board Secretariat for formal close-out in November 2016.

- *monitor that progress is made according to established timelines.*

**Status: Fully implemented.**

#### Details

As noted above, the core EHR projects were completed as of March 2017 and are now being monitored for their operations. To monitor the core projects' operations, eHealth Ontario updated its electronic information report, which provides staff with key information on the projects, such as the number of registered and active users, frequency of use and type of data accessed. On a quarterly basis, the report shows the progress toward targets related to the use of digital health records, increasing the volume of provincial data accumulated in the EHR, and whether the technology services are performing reliably and smoothly, with minimal unplanned down time.

#### Recommendation 4

*To ensure complete and accurate information is available in the Ontario Laboratories Information System (Labs System) for health-care professionals to provide better care for patients, eHealth Ontario should:*

- *regularly work with the Ministry of Health and Long-Term Care to help identify any lab*

*information that should be uploaded to the Labs System, and require health-care organizations and health-care professionals to upload all lab information;*

**Status: In the process of being implemented by March 2021.**

#### Details

Our audit in 2016 found that the Labs System did not contain data from about a quarter of the province's active labs, which meant 33 million test results were not sent to the Labs System. The system also did not contain tests performed in physicians' offices, accounting for a further 10 million tests in 2015/16. As well, lab tests not covered by the provincial health insurance plan (OHIP), such as prostate cancer screening, were not sent to the Labs System.

For the 2017/18 fiscal year, eHealth Ontario targeted that 94% of total provincial community and hospital lab test volumes would be captured in the Labs System. As of June 30, 2018, 93% of lab tests were in the Labs System. Activities are under way to connect remaining labs.

eHealth Ontario is also conducting an internal audit of lab data submission quality and practices. After this work is completed, eHealth Ontario will develop remediation plans in response to any issues identified in the assessment by December 2018.

The target is that 98% of lab tests from community and hospital labs in the province will be stored in the Labs System by March 2021. The Digital Health Board, which was discussed in **Recommendation 1**, monitors progress toward this target via the monthly Digital Health Scorecard, which identifies which initiatives are on track, require further monitoring or require intervention. eHealth Ontario also monitors progress through its online information report.

- *confirm that individual laboratories do not exclude more tests than specified in their contractual agreements with eHealth Ontario.*

**Status: Little or no progress.**

#### Details

We noted in our 2016 audit that, due to sensitivity or other factors, eHealth Ontario may specify the types of tests that the labs can exclude from the Labs System. eHealth Ontario did not have a listing of the types of excluded lab tests by lab, and had not verified that labs had in fact excluded the right types and numbers of tests as set out in these agreements.

eHealth Ontario informed us during our follow-up that it will work with the Ministry to design and put into effect contractual requirements, including monthly reporting that assesses the accuracy and completeness of lab test contribution, by March 2021.

#### Recommendation 5

*To ensure complete and accurate information is available in the Diagnostic Imaging central repository for health-care professionals to provide better care for patients, eHealth Ontario, in conjunction with the Ministry of Health and Long-Term Care, should:*

- *require all currently operating independent health facilities to upload diagnostic images and reports to the repository;*

**Status: In the process of being implemented by March 2021.**

#### Details

We found in 2016 that many independent health facilities were not able to provide diagnostic images, such as x-rays, MRIs, CT scans and mammograms, to the repository because they did not use digital equipment. eHealth Ontario identified that 5.4 million images were taken at these facilities in 2011.

At the time of our follow-up, eHealth Ontario had added 400,000 exams from independent health facilities to the digital imaging repository by June 2018. The five-year target for the period 2016/17 to 2020/21 is to have 80%–90% of independent health facilities contributing to the diagnostic imaging repositories.

The Digital Health Scorecard, which identifies which initiatives are on track, includes a target for completeness of the diagnostic imaging repositories, including bringing in independent health facilities. As noted in the Digital Health Scorecard, the Ministry targets to have 98% of relevant images stored in the diagnostic imaging repositories by March 2021.

- *require diagnostic images and reports conducted for specialty areas such as cardiology and ophthalmology to be uploaded to the repository, and identify the need to include any other specialty reports.*

**Status:** In the process of being implemented by March 2019.

#### Details

We found in 2016 that all images and reports for specialty areas, such as cardiology and ophthalmology, were available from hospitals but were not included in repositories because the Ministry did not specify them to be included.

The Ministry and eHealth Ontario are developing an updated provincial imaging strategy in support of the Ministry's digital health strategy. This work will include assessing the costs, digital readiness and the clinical value associated with integrating the images and reports from specialty areas such as ophthalmology, cardiology, endoscopy, dentistry and wound care. The Ministry and eHealth Ontario held multiple meetings with relevant stakeholder groups throughout 2017 and 2018 to discuss ways to improve the images contribution rate and the merits of additional specialist images, and expected to complete this work by March 2019.

#### Recommendation 6

*To ensure that health-care professionals can electronically access all necessary information to obtain a complete medical profile of their patients and deliver timely and quality patient care, eHealth Ontario should monitor the regional hospital administrators*

*for connecting systems to ensure that all health-care organizations in their regions contribute required data to the central database.*

**Status:** In the process of being implemented by March 2021.

#### Details

During our audit in 2016, we found that hospitals and other health-care organizations had been given a target of March 2014 to load specific types of patient health information into a central repository, including hospital discharge summaries, reports on emergency visits, community agency reports and patient consent notices.

However, as of May 2016, only about 60% of the targeted health-care organizations in the Greater Toronto Area had loaded their patient information. In the other two regional hubs—South West Ontario and the North East Region—only about 30% and 15% respectively of targeted health-care organizations had loaded their patient health information. In 2016, eHealth Ontario expected the targeted number of sites within the three regional hubs would have added all the required patient information to the central database by March 2017.

We found in our follow-up that for the year ending March 31, 2018, 60% of patient data captured by health-care organizations in all three regions was included in the clinical data repository. This percentage rose to 67% by the end of May 2018 according to eHealth Ontario. The target by March 2021 is that 98% of clinical data captured by health-care organizations in Ontario will be added to the data repository. The Digital Health Board, which was discussed in **Recommendation 1**, monitors progress toward targets to see which initiatives are on track, require further monitoring or require intervention. eHealth Ontario also monitors progress through its electronic information report.

#### Recommendation 7

*To ensure health-care professionals can access complete drug information about their patients so that potential adverse drug interactions, drug poisoning*

and other drug-related problems can be reduced, the Ministry of Health and Long-Term Care should:

- include all medication information for all Ontarians in the central drug repository;  
**Status: In the process of being implemented by March 2020.**

#### Details

The Ministry, which took over the responsibility of the drug information system from eHealth Ontario in May 2015, was still in the process of developing a central repository of all drug information for Ontarians when we completed our audit in late spring 2016.

We found in our follow-up that the Ministry launched the Digital Health Drug Repository after our audit in 2016. It represents the first part of the Ministry's Comprehensive Drug Profile Strategy. The drug repository currently includes about 200 million records on all dispensed monitored drugs (narcotics and controlled substances) and about 1.4 billion records on dispensed publicly funded drugs and pharmacy services for eligible recipients of the Ontario Drug Benefit program, including children and youth aged 24 and under.

The Ministry expects to improve the drug repository by adding information that will support the Strategy to Prevent Opioid Addiction and Overdose. According to the Ministry's plans, in September 2019 community dispensing agencies will voluntarily begin contributing the additional clinically relevant dispensed drug information for publicly funded drugs and pharmacy services, as well as monitored drugs, for all Ontarians to the drug repository.

The Ministry plans to have all medication information for all Ontarians included in the drug repository by March 2020.

- set targets to connect all health-care professionals across the province to the central drug repository.  
**Status: In the process of being implemented by December 2019.**

#### Details

In 2016, we found in our audit that many health-care professionals did not, or could not, access centralized drug information, while others could access only some medication information of their patients.

In our follow-up, we found the drug repository as of May 2018 was available to over 112,500 authorized health-care providers (up from 12,500 in 2016) from 412 sites across Ontario. Access to the drug repository is provided through clinical viewers. Multiple pilot projects are assessing whether the drug repository information can be shared through means other than the viewers. These pilot projects include integrating the drug repository with the following: hospital information systems; Electronic Medical Record Systems used by primary-care providers; and consumer portals to let patients see their dispensed drug and pharmacy service information. The Ministry and eHealth Ontario plan to assess roll-out priorities in consultation with health-system partners by December 2019.

## Many Factors Delayed Full Implementation of Electronic Health Records

### Recommendation 8

*To ensure participation of all health-care agencies, organizations and providers in the Electronic Health Record initiative, and to confirm interoperability of systems, the Ministry of Health and Long-Term Care should:*

- amend service agreements to require participation in, and contribution of, information to projects within the Electronic Health Record initiative;

**Status: In the process of being implemented by March 2020.**

#### Details

The Ministry informed us during our follow-up that it has, where appropriate, amended agreements

to require support of the Ministry's digital health plans. The Ministry plans to continue amending agreements to require participation and contribution in the EHR where appropriate by March 2020.

- *establish interoperability standards where necessary.*

**Status: In the process of being implemented by December 2019.**

#### Details

In our 2016 audit, we found that many hospitals and primary care physicians had invested in their own electronic systems to manage their patients' records prior to the Province announcing the EHR initiative. Once the initiative was launched, the LHINs did not require health-care organizations they fund to adopt common technical systems. Similarly, the Ministry did not require family doctors to use standardized Electronic Medical Record (EMR) software. Initial standardization could have made connection of the various systems easier and possibly cheaper.

At the time of our follow-up, the Ministry and eHealth Ontario were developing an inventory of the Province's digital health systems (for example, Labs System and diagnostic imaging repositories) and their corresponding technical standards, which are required to address interoperability requirements across the many systems in Ontario.

The Ministry has developed a draft provincial framework for provincial Hospital Information Systems services. It is also negotiating procurement and master service agreements with Hospital Information Systems suppliers in Ontario. The framework identifies emerging requirements that the suppliers will be expected to meet for interoperability and contribution of information to projects. The provincial framework is expected to be finalized by December 2018.

In addition, the Ministry is developing an information exchange policy that will direct the Province's digital health delivery partners to make connections available to their digital health systems via a common standard so that these systems

may exchange data. The policy is scheduled to be endorsed by December 2019.

#### Recommendation 9

*To ensure that all functions of the Ontario Laboratories Information System can be operational, and for all future work on Electronic Health Record systems to be successfully implemented, the Ministry of Health and Long-Term Care should first identify policy and regulatory implications, and then work to amend them within the project timelines.*

**Status: In the process of being implemented by December 2021.**

#### Details

We found during our audit in 2016 that policy and legislative issues may have delayed full use of some EHR projects. In one case, physicians were unable to electronically order lab tests in the Labs System because the regulation required doctors to physically sign lab-test requisitions; they could not electronically sign them.

Effective January 2017, eHealth Ontario enabled electronic ordering in cases where hospitals refer patients to receive tests from community labs. eHealth Ontario indicated that this functionality will assist with confirming the value of electronic ordering and support the development of a more comprehensive solution in the future. The Ministry plans to complete this work by December 2021.

The Ministry plans to continually identify any policy and legislative requirements in support of digital health initiatives and implement the appropriate solutions.

#### Recommendation 10

*To ensure service-delivery partners comply with contractual requirements, eHealth Ontario should revise agreements to include outcome-based performance measures and related targets for the various Electronic Health Record projects, and collect this information to assess achievement of project objectives.*

**Status: In the process of being implemented by December 2018.**

### Details

In 2016, we noted that eHealth Ontario had entered into agreements with about 30 health-care organizations to deliver various aspects of the province's EHR initiative. We found that eHealth Ontario did not require these organizations to report on any outcome-based indicators, such as measures of user satisfaction, reduced repeat emergency department visits, reduced number of unnecessary repeat tests, and reduced adverse drug interactions. These indicators could help eHealth Ontario evaluate whether project objectives were met. As well, eHealth Ontario had conducted an internal audit in 2015 of oversight agreements that noted issues such as eHealth Ontario having paid health-care partners without reviewing invoices or confirming that the outcomes were achieved.

Since our audit, in the 2017/18 fiscal year, eHealth Ontario completed two follow-up audits that concluded the action items from the original internal audit were completed. Also, eHealth Ontario entered into an agreement with OntarioMD that changed the performance measure from registered users to active users. The agreement also changed the definition of an active user to someone who accessed the system at least six times within the last three months. In addition, the agreement requires OntarioMD to analyze and report on usage below this target so that improvements can be made.

eHealth Ontario also has updated its electronic information report to increase focus on user experience measures for the technology services provided.

In addition, eHealth Ontario and the Ministry are evaluating whether the diagnostic imaging repositories are achieving their project benefits. This evaluation is scheduled for completion by December 2018.

## System Usage Below Expectation and Needs to Be Better Measured

### Recommendation 11

*To ensure efforts to promote the Electronic Health Record projects are appropriately directed and to increase system adoption, eHealth Ontario should:*

- *establish and communicate a consistent definition of active user to be applied across the province;*

**Status: Fully implemented.**

### Details

Our audit in 2016 found that eHealth Ontario did not initially set a specific definition of active user, so health-delivery partners used a variety of definitions. This made it difficult to understand usage of the EHR systems. Only in 2015 did eHealth Ontario ask the four diagnostic imaging repositories to apply the definition approved by Canada Health Infoway, an organization created by the federal government in 2001 to help provinces develop EHRs. That definition set an active user as someone who used the system at least three times in the last three months.

Our follow-up found that eHealth Ontario has established a consistent definition of active user, based on the Infoway definition. eHealth Ontario currently follows this definition, specifically for its electronic information report and for information it provides to the Ministry's Digital Health Scorecard, which were discussed in **Recommendation 1**.

As the EHR continues to evolve, eHealth Ontario plans to adjust usage targets accordingly based on an analysis of usage patterns, industry standards and initiatives to support increased usage. These targets will be posted on its electronic information report to ensure consistency in reporting. For example, in 2017/18, eHealth Ontario entered into an agreement with OntarioMD that changed targets from focusing on registered users to active users. The agreement also changed the definition of active use from the old standard (which had various definitions) to six times within the last three months.

The agreement also requires OntarioMD to analyze and report on usage below this target, which will help identify an appropriate action plan.

- *establish growth targets for active usage of each project as more registered users are given authorized access;*

**Status: Fully implemented.**

#### Details

Our audit found in 2016 that eHealth Ontario did not track usage rates for the entire Labs System or for any of the four diagnostic imaging repositories.

Our follow-up found that eHealth Ontario established growth targets for registered users and active users of the provincial EHR systems for the 2017/18 and 2018/19 fiscal years. As of March 31, 2017, eHealth Ontario reported that 104,625 users were registered, of whom 30,075 were actively using the systems. Based on these numbers, eHealth Ontario established a target of 115,000 registered users and 37,000 active users for 2017/18; and up to 245,000 registered users, with 40% considered active users, by 2021.

- *collect actual usage data by unique user and by access points, and regularly compare this data against established targets to identify areas of under-utilization that require further action.*

**Status: Fully implemented.**

#### Details

In 2016, we found that eHealth Ontario did not always collect active usage data by health-care setting or by type of health-care professional. The lack of consistency in types of data collected made it difficult to conduct analysis or to identify trends or patterns of usage to determine where greater adoption and usage efforts are needed so that physicians can provide better quality of care to patients.

Our follow-up found eHealth Ontario monitors and reports on registered users and active users, both actual and target, in its electronic information report and in its contributions to the Digital Health Scorecard, which was discussed in **Recommendation 4**.

**tion 4.** For instance, eHealth Ontario reported that for the fiscal year ending March 31, 2018, 122,200 users were registered (of whom 33,450 actively used the systems), compared to a target of 115,000 registered users (of whom 37,000 would actively use the systems). As of May 31, 2018, the number of registered users has increased to 154,600 users. eHealth Ontario reviews the scorecard on a monthly basis to identify usage below target and addresses it with an appropriate action plan.

#### Recommendation 12

*To improve uptake of existing and new Electronic Health Record projects such that health-care professionals can provide better care to patients, eHealth Ontario, and the Ministry of Health and Long-Term Care (in the case of the drug information system) should:*

- *examine the reasons for the low uptake rates and prepare an action plan to address the root causes of the low usage rates;*

**Status: Fully implemented.**

#### Details

In 2016, we interviewed and surveyed a random sample of physicians in Ontario to gauge their awareness and usage of EHR projects. Only 12% of the physicians who responded to our survey indicated that they fully used the available systems.

Since our audit, eHealth Ontario has increased its communication and outreach activities to align with the work of the Digital Health Board, which was discussed in **Recommendation 1**. eHealth Ontario has done this to better understand the challenges affecting adoption and usage and to develop ways to improve EHR services.

For example, eHealth Ontario is participating in an increased number of site visits and participating on more advisory councils and boards, including the Digital Health Board, in order to gather more information on users and user experiences, such as user satisfaction.

In addition, the eHealth Ontario 2018/19 Annual Business Plan includes a communications plan with the following objectives: increasing use of digital health data by informing health-care professionals of the patient information available, and how it benefits clinicians and patients; and using success stories to build credibility and demonstrate benefits.

eHealth Ontario also has improved the EHR services to help get more health-service providers to use them. Examples include:

- streamlining the registration process for physicians;
- increasing the functionality available, such as the Labs System practitioner query (explained in the action item below);
- providing direct access of repository data with systems used at hospitals and clinics to improve workflow;
- conducting surveys to understand areas for improvement;
- conducting a review of the Digital Health Drug Repository to understand areas to focus for improved adoption; and
- establishing agreements, such as the recent agreement with OntarioMD, to identify the reasons for lower-than-target usage and using that information to find ways to increase usage.

- *update the communication strategy to define roles and responsibilities for each project and timelines;*

**Status: In the process of being implemented by December 2018.**

#### Details

The 2016 audit found that eHealth Ontario had a province-wide communications strategy, but the strategy lacked details on areas of responsibility by specific parties and the required timelines for completion.

Subsequent to the audit, as noted in **Recommendation 1**, the Ministry issued mandate letters

in July 2017 to provincial digital health delivery partners, such as eHealth Ontario, the Ontario Telemedicine Network and OntarioMD. The mandate letters set out expectations for meeting the objectives of the Digital Health Action Plan, including specific deliverables, targets and timelines linked to the Digital Health Scorecard, which shows which initiatives are on track, and which need more monitoring or intervention. The Ministry plans to continue issuing mandate letters to other delivery partners, such as the electronic Child Health Network, by December 2018.

In addition, the Ministry is working with LHINs and health-service providers to identify regional variations in digital health delivery. Where appropriate, LHIN-specific targets are set as part of the annual planning process to confirm expectations and document the roles and responsibilities of regional digital health partners.

- *implement the practitioner query function in the Ontario Laboratories Information System.*

**Status: Fully implemented.**

#### Details

In 2016, the health-care professionals we interviewed said that retrieving test results from the Labs System took longer because they must first enter individual patient names, and then locate a specific test from all the results provided, including some ordered by other physicians. This concern could be addressed by making available a practitioner query function, which was not initially included in the system due to privacy, legal and technical concerns identified during pilot testing.

Since the audit, in December 2017, eHealth Ontario made the practitioner query function available in the Labs System. The function enables physicians to receive Labs System data directly into the Electronic Medical Records (EMR) systems in their offices. However, full implementation of this function is contingent on EMR vendors making necessary revisions to physicians' EMR systems, which was not yet completed at the time of our follow-up.

# Chapter 1

## Section 1.04

Ministry of Training, Colleges and Universities

# Employment Ontario

Follow-Up on VFM Section 3.04, 2016 Annual Report

### RECOMMENDATION STATUS OVERVIEW

|                   | # of<br>Actions<br>Recommended | Status of Actions Recommended |                                    |                          |                            |                         |
|-------------------|--------------------------------|-------------------------------|------------------------------------|--------------------------|----------------------------|-------------------------|
|                   |                                | Fully<br>Implemented          | In Process of<br>Being Implemented | Little or No<br>Progress | Will Not Be<br>Implemented | No Longer<br>Applicable |
| Recommendation 1  | 4                              |                               | 4                                  |                          |                            |                         |
| Recommendation 2  | 2                              | 1                             | 1                                  |                          |                            |                         |
| Recommendation 3  | 1                              |                               |                                    | 1                        |                            |                         |
| Recommendation 4  | 2                              |                               | 2                                  |                          |                            |                         |
| Recommendation 5  | 1                              |                               |                                    | 1                        |                            |                         |
| Recommendation 6  | 2                              | 0.5                           |                                    | 1.5                      |                            |                         |
| Recommendation 7  | 2                              |                               | 2                                  |                          |                            |                         |
| Recommendation 8  | 1                              |                               |                                    |                          | 1                          |                         |
| Recommendation 9  | 2                              | 1                             |                                    | 1                        |                            |                         |
| Recommendation 10 | 1                              |                               | 1                                  |                          |                            |                         |
| Recommendation 11 | 3                              |                               | 3                                  |                          |                            |                         |
| Recommendation 12 | 3                              | 2                             |                                    | 1                        |                            |                         |
| Recommendation 13 | 3                              |                               |                                    | 3                        |                            |                         |
| Recommendation 14 | 2                              |                               | 1                                  | 1                        |                            |                         |
| Recommendation 15 | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 16 | 2                              |                               | 1.5                                | 0.5                      |                            |                         |
| Recommendation 17 | 2                              |                               |                                    | 2                        |                            |                         |
| Recommendation 18 | 1                              |                               |                                    |                          |                            | 1                       |
| <b>Total</b>      | <b>35</b>                      | <b>5.5</b>                    | <b>15.5</b>                        | <b>12</b>                | <b>1</b>                   | <b>1</b>                |
| <b>%</b>          | <b>100</b>                     | <b>16</b>                     | <b>44</b>                          | <b>34</b>                | <b>3</b>                   | <b>3</b>                |

## Overall Conclusion

As of July 10, 2018, the Ministry of Advanced Education and Skills Development, currently known as the Ministry of Training, Colleges and Universities (Ministry), had fully implemented 16% of actions we recommended in our *2016 Annual Report*, and was in the process of implementing 44% of recommended actions. Furthermore, little progress was made on implementing 34% of our recommendations, 3% of our recommended actions would not be implemented and 3% are no longer applicable.

At the time of our follow-up, the Ministry had developed Ontario's Apprenticeship strategy in February 2018 and was developing an evaluation framework to develop key performance indicators across all employment and training programs.

Although the Ministry had taken some action on most recommendations, in many cases the work was still at a preliminary stage. For example, more action was needed to minimize the amount of unrecovered overpayments to Second Career clients, to identify common deficiencies among service providers during its monitoring activities and address them system-wide, to improve regular monitoring of on-the-job and in-class training provided to apprentices, to establish yearly reportable outcome measures for employment and skills development programs, and to publicly report information useful to those upgrading their skills or seeking employment.

The Ministry will not be implementing a standard methodology for calculating apprenticeship completion rates across Canada, as other provinces are not in agreement with how it should be measured, and a consensus is needed.

The status of actions taken on each of our recommendations is included in this report.

## Background

Employment Ontario offers programs to provide employment and training services to job seekers and employers, apprenticeship training to students seeking certification and employment in a skilled trade, and literacy and numeracy skills to people who lack basic education necessary for employment. These programs are funded by the Ministry of Training, Colleges and Universities (Ministry), and the majority are delivered by third-party agencies. In 2017/18, the Ministry spent \$1.2 billion (\$1.3 billion in 2015/16) to deliver Employment Ontario programs.

Our audit found that key programs offered by Employment Ontario were not effective in helping Ontarians find full-time employment. Although the Ministry was redesigning some of its programs, more attention was needed to increase their effectiveness and improve efficiency. Specifically, the Ministry needed to take additional steps to increase completion rates for apprentices, and to help people sustain long-term employment in their field of training. We also noted that the Ministry lacked the detailed and timely labour market information necessary to both improve existing programs and develop new ones to meet the current and future labour needs of Ontario.

Some of the significant issues we found included:

- The majority of employment and training program clients were unsuccessful in finding full-time employment in their chosen career. For example, the objective of Employment Ontario's Employment Service program was to find long-term sustainable employment for clients. For 2015/16, at the time of completion of the program, only 38% of clients were employed full-time and only 14% had found employment in either their field of training, a professional occupation or a more suitable job than before the program.

- Participants in Employment Ontario's Second Career program who received funding for retraining but did not regularly attend their program or provide receipts were required to repay the Ministry. In the last three fiscal years prior to our audit, \$26.6 million that should have been repaid had been written off as uncollectible.
- The average completion rate for apprentices in Ontario from 2011/12 to 2015/16 was about 47%. Completion rates for voluntary trades were significantly lower than for compulsory trades (35% versus 59%).
- The Ministry did not review apprentice completion rates by in-class training provider or employer, and it did not compile and analyze survey results separately (for the majority of questions) for those who completed their apprenticeship program and those who withdrew. Such analyses would enable the Ministry to identify in-class and on-the-job training providers that may not be preparing apprentices for success and assess the reasons why apprentices did not complete their apprenticeship.
- In 2015/16, about 60% (\$205 million) of all apprenticeship funding was paid to employers through a combination of the Apprenticeship Training Tax Credit, a signing bonus and a completion bonus. The first two financial incentives support apprentices entering the program, but were not tied to employers ensuring apprentices complete the program. The completion bonus, which was more closely aligned with the Ministry's goal of increasing the number of apprentices that get certified, was half the amount of the signing bonus.
- The Ministry began monitoring at-risk apprentices in November 2014. At that time, 16,350 apprentices were identified as being at risk of not completing their apprenticeships. About 68% of these cases were resolved by having the apprentice exit the system, in effect cleaning out the Ministry's database. However, by June 2016, the number of apprentices at risk increased to 39,000. Of those, 20,800 were apprentices identified under the same definition as that used in November 2014, and an additional 18,200 apprentices were identified under an expanded definition.
- Although the Ministry had processes in place to assess an employer's qualifications at the time they submitted an application to train an apprentice, it relied on employers to self-report any changes that might affect their ability to provide sufficient training, such as a change in the number of trainers available to the number of apprentices. With regard to in-class training, Ministry staff informed us that they did not directly assess whether instructors were qualified and whether the courses were taught according to the curriculum, nor did they compare the qualification exam pass rates by training delivery agents to identify those with comparatively high failure rates.
- The Ministry did not collect or analyze regional information on labour force skills supply and demand to identify what jobs will have a shortage of skilled workers. According to the Ministry, there were few reliable sector-wide sources of information on employers' anticipated labour needs. Other provinces, such as British Columbia and Alberta, reported projected demand by occupation for a 10-year period that they updated annually and biannually respectively.

We made 18 recommendations, consisting of 35 action items, to address our audit findings.

We received commitment from the Ministry that it would take action to address our recommendations.

## Standing Committee on Public Accounts

On May 3, 2017, the Standing Committee on Public Accounts (Committee) held a public hearing on our 2016 audit. In December 2017, the Committee tabled a report in the Legislature resulting from this hearing. The Committee endorsed our findings and recommendations, and made 14 additional recommendations. The Ministry reported back to the Committee in April 2018. The Committee's recommendations and our follow-up on its recommendations are found in **Chapter 3, Section 3.02** of this volume of our *2018 Annual Report*.

### Status of Actions Taken on Recommendations

We conducted assurance work between April 1, 2018, and July 10, 2018. We obtained written representation from the then Ministry of Advanced Education and Skills Development, currently known as the Ministry of Training, Colleges and Universities (Ministry), that effective October 31, 2018, it has provided us with a complete update of the status of the recommendations we made in the original audit two years ago. The status of each of our recommendations is as follows.

### Majority of Employment and Training Program Clients Unsuccessful in Finding Full-Time Employment in Their Chosen Career

#### Recommendation 1

*In order to improve the effectiveness of employment and training programs, the Ministry of Advanced Education and Skills Development (Ministry) should:*

- *establish outcome measures and associated targets for the two programs that do not have*

*measures—Ontario Job Creation Partnership and Ontario Employment Assistance programs;*  
**Status: In the process of being implemented by April 2020.**

#### Details

In our 2016 audit, we found that the Ministry had not established internal outcome measures for two employment and training programs: Ontario Job Creation Partnership and Ontario Employment Assistance.

At the time of our follow-up, the Ministry was integrating and replacing the Ontario Employment Assistance programs with the Supported Employment Program, which was introduced in April 2018 as part of the Government's employment strategy for people with disabilities. The Ministry established the following short-term and long-term employment outcome measures for the Supported Employment Program:

- 50% of participants achieve a desired employment outcome, which is measured at three months after transitioning to employment; and
- 40% of participants achieve a desired employment outcome, which is measured at 12 months after transitioning to employment.

With respect to the Ontario Job Creation Partnership program, the Ministry said it plans to review the Employment Service program's job matching and placement features to potentially apply them to the Job Creation Partnership program by April 2020.

- *review instances where program outcomes do not meet targets and take corrective actions;*  
**Status: In the process of being implemented by December 2018.**

#### Details

We reviewed program outcomes for established performance measures since our audit in 2016 for the following programs—Employment Service, Second Career and Targeted Initiatives for Older Workers. Overall, program outcomes were

consistent or slightly better than at the time of our audit. As well, all three programs met their respective performance targets regarding effectiveness for 2017/18.

The Ministry described actions taken to deal with individual service providers that were not meeting performance targets. In May 2017, the Ministry issued notices, known as directed improvement letters, to 24 of 28 service providers delivering Employment Service or Literacy and Basic Skills programs that did not meet their 2016/17 performance targets. The Ministry requested that they submit action plans to address their performance issues. At the time of our follow-up, two-thirds of the action plans were completed. The Ministry informed us that it would be assessing whether the action plans successfully addressed the initial issues.

The Ministry expects to issue directed improvement letters to service providers that did not meet their 2017/18 performance targets by the end of December 2018. We noted that 24 service providers did not meet their performance targets in 2017/18 and of those, 10 had also not met their targets for the previous year.

- *revise employment status categories to enable more useful outcome information;*

**Status: In the process of being implemented by March 2020.**

#### Details

At the time of our follow-up, the Ministry had conducted a review of the employment status categories and the related outcome data collected by its various Employment Ontario programs. The review highlighted problems that we found in our 2016 audit. For example, employment status categories were inconsistent across programs and in many cases not mutually exclusive. We found in 2016 that someone categorized as “employed in a profession/trade” could also have been “employed full-time” or “employed part-time,” but the Ministry assigned participants to only one category.

In February 2018, the Ministry developed options on the employment status definitions and was assessing them at the time of our follow-up. The Ministry informed us that once the assessments are completed, it will develop a plan to create consistent employment status definitions across all Employment Ontario programs. The Ministry expects to have the definitions in place by March 2020.

- *develop strategies that would enable follow-up with more participants at three, six and 12 months after receiving services from all programs.*

**Status: In the process of being implemented by March 2019.**

#### Details

We found in 2016 that the Ministry followed up with only a small portion of Employment and Training program participants at three, six and 12 months after program completion, which did not allow for an adequate assessment of the long-term impact of the programs.

At the time of our follow-up, the Ministry was considering various ways of increasing the amount of data it gathers from participants after they complete various Employment Ontario programs. Options being considered included revising contracts with service providers to require them to follow up with more clients, and outsourcing the follow-ups to various third parties. The Ministry’s focus is to increase the response rate from a representative sample of program participants rather than increase the number of participants from whom data is collected.

The Ministry is piloting new approaches for following up with participants with a new program called Skills Advance Ontario. The pilot is scheduled for completion in August 2018 and the Ministry expects to fully implement this recommendation by March 2019.

## Funding for Employment Service May Not Reflect Current Need

### Recommendation 2

To ensure funding is properly allocated to service providers of Employment Service, the Ministry of Advanced Education and Skills Development should:

- periodically update information related to the labour market and location indicators used in the funding model to ensure they reflect current employment, demographic and cost conditions in communities across the province;

**Status:** In the process of being implemented by April 2020.

#### Details

To ensure that funding indicators for the Employment Service program reflect current conditions across the province, the Ministry informed us during our follow-up that it was updating relevant information by using new census data as it is made available.

However, the Ministry told us that it could not use census data released in November 2017 because it was not detailed enough. As a result, in January 2018 the Ministry purchased custom data sets from Statistics Canada that will be available in the 2018/19 fiscal year. The Ministry expects this data to be used for the 2020/21 business plan.

- ensure that the targeted number of clients to be served by each service provider, and the associated funding, are adjusted to reflect the actual level of services being provided.

**Status:** Fully implemented.

#### Details

In our 2016 audit, we reported that service providers for 40 of 322 sites missed their intake targets (that is, the number of people they had committed to serve under their contracts) by at least 10% in both 2014/15 and 2015/16. However, only four sites had their targets, and therefore funding, reduced for 2016/17.

For the 2017/18 fiscal year, the Ministry reduced intake targets for certain service providers, which resulted in decreased funding to 32 service providers of the Employment Service program and 53 service providers of the Youth Job Connection program. The reductions were limited to a 10% reduction of intake targets for providers of Employment Service and \$100,000 in funding for each provider of Youth Job Connection.

The Ministry informed us that it would also adjust the intake targets and funding amount in the 2018/19 contracts with service providers for the Employment Service program. In addition, to better align service provider funding with the actual number of clients served, the Ministry developed a new evidence-based assessment tool in September 2016 and trained staff on the use of this tool.

## Significant Overpayments to Second Career Clients Not Recovered

### Recommendation 3

In order to minimize the amount of unrecovered overpayments to Second Career clients, the Ministry of Advanced Education and Skills Development should evaluate the benefits of providing funding to clients in advance of getting receipts only for the initial instalments (of one or two months), and requiring receipts prior to providing funds for remaining instalments.

**Status:** Little or no progress.

#### Details

Our audit in 2016 found that there was \$30.1 million in overpayments to clients of the Second Career program in the period from 2013/14 to 2015/16 that was forwarded for collection.

Since then, in August 2017, the Ministry sent reminders to staff responsible for delivering the Second Career program to use available monitoring tools to minimize the number of overpayments to Second Career clients. All these monitoring tools were available at the time of our 2016 audit.

In our follow-up, the Ministry said it consulted with external partners in March 2018 to evaluate the benefits of requiring receipts prior to receiving funding. According to the Ministry, the parties said requiring receipts from clients first would drastically diminish access to Second Career training for Ontario Works recipients, Ontario Disability Support Program recipients and newcomers.

The Ministry indicated that it expects to consider our recommendation in September 2018, after it assesses the impact of its monitoring efforts and stakeholder consultations.

We noted that since the time of our audit, the amount of overpayments to Second Career clients has dropped, but so has the number of people enrolled in the program. In 2017/18, the amount of overpayments dropped by 24% compared to the prior year, and the number of people who enrolled in the program that year dropped by 25%. Therefore, the Ministry cannot attribute reductions in overpayments to initiatives implemented, and plans to refine the overpayment report.

## Ministry Follow-Up on Action Required by Service Providers Not Adequate

### Recommendation 4

*To ensure Ontarians seeking employment and training services receive quality service, the Ministry of Advanced Education and Skills Development should:*

- *employ enhanced monitoring efforts in place for all sites that fail to meet either the minimum provincial quality standard or their targeted service quality scores;*

**Status: In the process of being implemented by January 2019.**

### Details

In November 2017, the Ministry implemented practices to improve its monitoring of service providers' performance across the province in the Employment Service and Literacy and Basic

Skills programs. Enhancements were made to the Ministry's electronic tracking tool used to track service providers who are non-compliant with their contractual obligations. The enhancements include a drop-down menu to identify non-compliance issues; history fields to track action plan completion and revision dates; and action plan follow-up reminders.

We followed up on all Employment Service provider sites and Literacy and Basic Skills sites that did not meet minimum provincial service quality standards in 2017/18 and noted that the Ministry placed all Employment Service sites and 12 of 18 Literacy and Basic Skills sites on directed improvement. This means that they must create an action plan within 10 days of receiving notice and have the plan completed within six months.

The Ministry plans to review the Youth Job Connection program in January 2019 to include it in its enhanced monitoring process.

- *ensure corrective action is taken within the timelines established.*

**Status: In the process of being implemented by January 2019.**

### Details

In our 2016 audit, we noted that a service provider that did not comply with the minimum provincial service quality standard was required within 10 business days to submit an action plan to address the identified issues and to complete the action plan within six months. If a service provider did not meet its site-specific targeted service quality scores, it was to submit an action plan within five business days and complete the plan within six months.

The Ministry advised us during our follow-up that it is addressing this recommendation primarily through system changes that prompt staff to take corrective action and through enhanced training to staff who monitor service providers.

For example, the Ministry made changes to the Directed Improvement and Official Review processes in November 2017 to more effectively

monitor that corrective action plans are completed for the Employment Service and Literacy and Basic Skills programs. Regional staff received training in November and December 2017.

At the time of our follow-up, the Ministry was also developing additional training to help staff better understand the Directed Improvement and Official Review processes and apply them appropriately. This training is expected to be completed by January 2019.

### Recommendation 5

*The Ministry of Advanced Education and Skills Development should identify common deficiencies among service providers during its various monitoring activities and address these system-wide.*

**Status: Little or no progress.**

#### Details

We reviewed service providers' site compliance files in our 2016 audit and found that 68% of the site visits had instances of non-compliance with their contract or with Ministry guidelines. Common deficiencies included inconsistencies between information in the service providers' files and what they entered into the Ministry's system; ineligible notes; no documented justification for client referrals to other services; and not following up with clients.

At the time of our follow-up, the Ministry had analyzed site compliance files from the 2015/16 and 2016/17 fiscal years and had grouped deficiencies into five general categories: file documentation; data integrity; service quality; financial management; and service co-ordination. However, these categories are too broad to identify specific issues common to service providers, which then could be addressed system-wide, such as no justification for client referrals to other services.

## Improvement Needed to System Evaluating Service Providers

### Recommendation 6

*To properly evaluate the service providers' performance, the Ministry of Advanced Education and Skills Development should:*

- *incorporate longer-term outcomes of clients' employment or training status into the measure of service provider effectiveness to provide a better indicator of whether programming is resulting in sustainable employment;*

**Status: Little or no progress.**

#### Details

In our 2016 audit, we noted that indicators used to measure the outcome of services were based on the client's employment and training status only at the time of exiting a program. Employment status at three, six or 12 months after a client left a program often differed significantly.

In March 2018, the Ministry developed a plan to redesign the Second Career program. This plan included developing longer-term employment and training outcome measures. At the time of our follow-up, the Ministry had not developed a plan to redesign the Employment Service program. Ministry staff informed us that it would wait for an analysis of the redesign of the Second Career program and use that information to guide changes to the Employment Service program.

- *set meaningful performance management targets for the efficiency indicators.*

**Status: Fully implemented for targets related to information sessions and workshops (0.5). Little or no progress for targets related to the number of clients to be serviced (0.5).**

#### Details

In our 2016 report, we found that targets set by the Ministry with Employment Service providers for the number of clients to be served and the number of

information sessions or workshops to be held, were too easily achievable.

At the time of our follow-up, the Ministry had changed the method used to determine targets for information sessions and workshops. Service provider sites were now required to negotiate targets for the 2018/19 fiscal year using the range achieved by the top 25% sites for 2016/17. Sites were not permitted to set targets lower than what they achieved the year before.

However, the Ministry had no plan to change the method used to set targets for the number of clients to be served, even though at the time of our 2016 audit, half the sites were achieving 100% or more of their targets.

## Less Than Half of Those Who Begin an Apprenticeship Program in Ontario Complete It

### Recommendation 7

*In order to maximize the benefit of Apprenticeship Program funding, the Ministry of Advanced Education and Skills Development should seek ways to increase the completion rate of apprentices by:*

- *developing and implementing strategies to improve completion rates for apprentices in both compulsory and voluntary trades;*

**Status: In the process of being implemented by September 2018.**

#### Details

Our 2016 audit found that the average completion rate for apprentices in Ontario for the five-year period from 2011/12 to 2015/16 was only 46% for a Certificate of Apprenticeship and 47% for a Certificate of Qualification.

In our follow-up, we found that apprenticeship completion rates have not changed significantly since our audit. The 2016/17 Certificate of Apprenticeship completion rate for voluntary trades and the Certificate of Qualification completion rate for compulsory trades were 36% and 61%, respectively.

Completion rates for 2017/18 were not available at the time of our follow-up. A voluntary trade is one that under legislation does not have to register with the Ontario College of Trades.

The Ministry completed a review in November 2017 of the current completion supports (examination preparation courses, financial incentives, and monitoring strategies) to identify success factors. From this analysis, the Ministry's Ontario Apprenticeship Strategy was released in February 2018. The strategy outlines five main focus areas, one of which is to support and retain apprentices.

Examples of actions the Ministry has taken or is planning include making the examination preparation courses in 11 high-demand trades mandatory for all students in those trades (January 2017); replacing the Apprenticeship Training Tax Credit with the Graduated Apprenticeship Grant for Employers to encourage employers to help their apprentices complete their training (fall 2018); developing supports to improve matching between apprentices and employers, including a website (September 2018); and updating its apprenticeship sponsor policy to support more participation by small- and medium-sized businesses (September 2018).

- *evaluating whether it should change the degree of funding it provides for apprenticeship training in voluntary trades as compared to compulsory trades.*

**Status: In process of being implemented by March 2020.**

#### Details

Our 2016 audit found that the Ministry provided the same amount of funding for skilled trades requiring the same levels of training, regardless of whether it was a compulsory or voluntary trade. However, average completion rates were substantially higher for those training for a compulsory trade (59%) than for a voluntary trade (35%).

During our follow-up, the Ministry said it established an internal working group in May 2018

to review its funding to training agents to provide in-class training in both compulsory and voluntary trades. The review has been organized into three phases.

- Phase I – establish an internal working group and plan a workshop to identify existing problems within the seat-purchase planning process and establish short- and long-term goals that can be accomplished by improving current processes and protocols.
- Phase II – implement work to achieve short-term goals, including any improvements that can be made by fall 2018, which is when seat purchase negotiations begin with training delivery agents. The Ministry expects to implement recommendations resulting from this phase beginning in the 2019/20 fiscal year.
- Phase III – determine if long-term goals can be achieved using existing tools. This phase will include a review of program fundamental policy issues, such as any changes to the funding structure/formula. The Ministry expects to implement recommendations resulting from this phase beginning in the 2020/21 fiscal year.

### Recommendation 8

*In order to assess how effective its apprenticeship program is in comparison with similar programs in other Canadian jurisdictions, the Ministry of Advanced Education and Skills Development should take a leadership role and, in conjunction with other provinces, develop a standard methodology for calculating apprenticeship completion rates across Canada.*

**Status: Will not be implemented.**

#### Details

We noted in our 2016 audit that there was no standard method used across all provinces for calculating completion rates for apprentices. This made it difficult to compare how well one province is performing relative to another in order to learn and share best practices.

During our follow-up, the Ministry told us that one of the challenges to achieving a unified apprentice completion rate across Canada is that Ontario's apprenticeship system is much larger and more complex than the other provinces and territories. According to the Ministry, other jurisdictions across the country have not expressed an interest in revisiting the completion rate methodology work as part of the Canadian Council of Directors of Apprenticeship (CCDA) research agenda at this time, despite Ontario's request to do so. The Ministry informed us that this recommendation cannot be implemented without the consensus of the other provinces.

### Recommendation 9

*In order to gain a further understanding of the challenges preventing apprentices from completing their training, the Ministry of Advanced Education and Skills Development should:*

- *develop methods to gain more insight into the factors causing apprentices to withdraw from the program;*

**Status: Fully Implemented.**

#### Details

In our 2016 audit, we found that the Ministry's annual Apprenticeship Survey of people who had either completed their apprenticeship or withdrawn from the program did not adequately identify the cause of an apprentice not completing the program, even though this was part of the survey's purpose.

Since our audit, the Ministry has taken several steps to better understand factors contributing to apprentices withdrawing from their programs.

For the 2016/17 academic year, the Ministry expanded the annual Apprenticeship Survey to include seven questions about barriers to completion, difficulties with apprenticeship, and reasons for withdrawal. Respondents are asked to identify the main reason for withdrawing and were given 17 reasons to choose from.

In April 2018, the Ministry developed a report to examine current apprenticeship system data

and identify clients who fit into one of the three risk criteria. The risk categories are the apprentice has been in the program for more than 12 months beyond standard program duration; the apprentice has not progressed to the next level of in-class training in 18 months; and the apprentice is without a Registered Training Agreement for more than six months.

At the same time, the Ministry analyzed data from the Employment Ontario Information System to determine completions by employer and by training delivery agent. By December 2018, the Ministry plans to determine whether there are correlations between in-class training, employer training and apprenticeship completions, and develop recommendations to address these.

- *where feasible, develop strategies to address these factors.*

**Status: Little or no progress.**

#### Details

Since our audit, the Ministry has introduced new interventions to identify and follow up with apprentices at risk of non-completion.

In April 2018, the Ministry created a quarterly report that identifies apprentices who fit into one of the three risk criteria discussed above. As of March 31, 2018, 16,486 apprentices were identified as at risk and 4,785 had interventions in progress. Regional Ministry staff use this quarterly listing to follow up with either the apprentice, the sponsor, or both within the same quarter. According to the monitoring strategy, follow-up by Ministry staff includes having a discussion with the employer about why or whether it or the apprentice is having difficulty progressing through the apprenticeship program, and providing support and making recommendations.

Although these are useful measures in supporting individual apprentices who are classified as at-risk, the Ministry has not begun to address the reasons apprentices withdraw from the program on a system-wide basis.

## Financial Incentives Offered to Employers Do Not Encourage Apprenticeship Completions

### Recommendation 10

*The Ministry of Advanced Education and Skills Development should complete their review of apprenticeship program financial incentives to employers and redesign the incentives to ensure that they encourage both program registration and completion, with an emphasis on the latter.*

**Status: In the process of being implemented by December 2018.**

#### Details

We noted in our 2016 audit that there were numerous provincial incentives available to employers to hire and train apprentices, including the Apprenticeship Training Tax Credit, a signing bonus and a completion bonus. However, these incentives were not aligned with the goal of improving apprenticeship completion rates.

Our follow-up found that during summer 2017, the Ministry consulted with stakeholder groups, held workshops with employers and surveyed over 300 employers, to collect feedback on the Apprenticeship Training Tax Credit and other provincial incentives available to those who hire apprentices. The general feedback was to give incentives to employers who are able to equip apprentices with the skills and knowledge they need to successfully complete their programs, and give disincentives to employers who are not. Based on the feedback, the government is replacing the Apprenticeship Training Tax Credit with the new Graduated Apprenticeship Grant for Employers.

Under the Apprenticeship Training Tax Credit, employers could receive a tax credit of up to \$15,000 for each apprentice they hired and trained (\$5,000 per year for the first 36 months of training). These tax credits will only be available to employers for apprentices already registered in an eligible apprenticeship program on or before November 14, 2017.

Under the Graduated Apprenticeship Grant for Employers, employers can receive up to \$16,700 in total grants, portions of which are received at different stages of the apprentice's completion:

- \$2,500 upon the apprentice's completion of level one and again at level two;
- \$3,500 upon the apprentice's completion of level three and again at level four; and
- \$4,700 upon the apprentice's certification (either through a certificate of apprenticeship or certificate of qualification if applicable).

An employer can also receive up to an additional \$2,500 when it trains an apprentice from an under-represented group.

To complete the rollout of the new employer grant, the Ministry said it is adjusting its IT system to support the new grant payments. The Ministry expects these grants to be available to employers for apprentices registration in fall 2018 and payments to begin in December 2018.

## Examination Preparation Initiative Should Be Expanded

### Recommendation 11

*To increase the successful completion of apprenticeship training in a cost-effective way, the Ministry of Advanced Education and Skills Development should:*

- *evaluate the outcome of expanding the examination preparation course to more high-demand trades and, if positive results are found, further expand it to other compulsory trades;*

**Status: In the process of being implemented by December 2018.**

### Details

Our 2016 audit noted that the Ministry started funding examination preparation courses in 2010/11 to apprentices in six high-demand skilled trades. The pass rates from 2010/11 to 2014/15 for those who had taken the exam prep course were higher than for those who had not taken it. As of April 2016, the Ministry made it mandatory for all

training delivery agents to offer exam courses to the six trades, plus five additional high-demand trades.

After our audit, in February 2018, the Ministry conducted a preliminary analysis of exam pass rates in compulsory versus voluntary trades, and when exam prep courses are provided with in-class training versus stand-alone exam preparation courses. This analysis showed that the pass rate of exam preparation clients in compulsory trades was 16% higher than that in voluntary trades, and the pass rate of combined regular in-class training and exam preparation classes was 5% lower than that of stand-alone exam prep classes.

At the time of our follow-up, the Ministry told us that it was planning to expand the examination preparation course to another one to two trades beginning in October 2018, but had not decided which trades it would be.

The Ministry told us that it also expects to work with the Ontario College of Trades to evaluate outcomes of current examination preparation courses in summer 2018. It said it wants to look at a larger sample size to better assess the effectiveness of the combined regular in-class training and exam preparation classes. Based on the results of the evaluation, additional course offerings might be provided starting in December 2018.

- *consider making the course mandatory for apprentices who have previously failed their trade certificate exam;*

**Status: In the process of being implemented by March 2019.**

### Details

We noted in 2016 that despite its proven success, the examination prep course was not mandatory for apprentices who had previously attempted the exam but were unsuccessful.

At the time of our follow-up, the Ministry was planning to request data from the Ontario College of Trades, including pass and fail rate of apprentices and those writing trade equivalency exams for the past five years (by person), and how many

apprentices wrote the exam each year and how many attempts they tried. Based on the results of this collaboration, the Ministry is aiming to have new processes in place by March 2019 to improve access to the exam prep course for apprentices who have previously failed their trade certification exam.

- *review and adjust funding for exam preparation courses to ensure it is comparable to rates paid to training delivery agents for regular in-class training courses.*

**Status: In the process of being implemented by April 2019.**

#### Details

In our 2016 audit, we found that the hourly cost per person for the examination preparation course was higher than what the Ministry typically paid delivery agents for regular in-class training courses.

In January 2017, the Ministry began requiring training delivery agents who provide final-level in-class training courses for 11 high-demand trades to extend these classes by one week to include five days of exam preparation. As a result, the examination preparation component would be funded at the same daily rate as the regular in-class training. However, in our follow-up we found that in 2017/18, 85% of exam preparation classes for full-time final-level courses in the 11 high-demand trades were offered combined with the in-class training.

The Ministry informed us that it expects to be funding all exam preparation courses for any trade at the same daily rate as the corresponding regular in-class training by April 2019.

## Improvement Needed in Identifying and Monitoring Apprentices at Risk of Not Completing Their Apprenticeships

### Recommendation 12

*To improve the success rate of apprentices considered at risk of not completing their program, the Ministry of Advanced Education and Skills Development should:*

- *identify key reasons individuals fail to progress through their apprenticeships and apply intervention techniques system-wide;*

**Status: Little or no progress.**

#### Details

We noted in 2016 that Ministry regional staff contacted at-risk apprentices between late 2014 and early 2016 and found out common barriers to completion. These included that the apprentice had been laid off or had left the trade, the apprentice needed more information about what skills were needed to complete certification, and the employer was not providing the necessary skills or providing the apprentice time off to attend in-class training.

In May 2017, to better understand the barriers to individuals to complete apprenticeships, the Ministry analyzed client monitoring data including the number of apprentices by risk category (11 categories), by barrier to completion (24 barriers), and by trade (128 trades). At the time of our follow-up, the Ministry had done little work to address barriers system-wide. It informed us that this would be a long-term project.

- *include notes to files of apprentices identified as at risk of not completing that can be used for following up with apprentices, as well as analysis of common issues;*

**Status: Fully Implemented.**

#### Details

During summer 2016, while we were conducting our audit, the Ministry's IT system began to

automatically flag alerts to indicate individuals at risk of non-completion. However, we found that only 30% of the electronic case files for the 15,700 active apprentices identified to be at risk in May 2016 contained review notes that described the issues or challenges preventing completion.

Since then, in April 2017, the Ministry added an application in its IT system for documenting and tracking follow-up with sponsors and apprentices and for documenting issues. These monitoring notes are accessible through the apprentice's record in the Ministry's information system and staff can enter information into a monitoring template. The system also sends notifications to Ministry staff assigned to each apprentice once an action due date is reached in the system.

- *immediately reassign apprentices to an active employment training consultant where an apprentice's employment training consultant no longer works for the Ministry or goes on leave for an extended period of time.*

**Status: Fully implemented.**

#### Details

In our 2016 audit, we reported that as of June 2016 there were about 2,700 active apprentices who were assigned to Ministry staff (employment training consultants) who were no longer working for the Ministry or were on leave for an extended period of time. By the time our report was released, the Ministry had reassigned these apprentices to active Employment and Training Consultants.

In March 2017, for all regional offices the Ministry began generating monthly reports that identified apprentices who were assigned to inactive staff. In January 2018, guidelines describing the usage of the monthly report were developed and sent to regional offices. According to the March 31, 2018, monthly report, only eight apprentices were assigned to inactive employment training consultants and required reassignment.

## Limited Monitoring of Quality of Apprenticeship Program

### Recommendation 13

*In order to improve monitoring of on-the-job and in-class training of apprentices, the Ministry of Advanced Education and Skills Development should:*

- *implement policies and guidelines for ongoing monitoring of on-the-job and in-class training provided to apprentices;*

**Status: Little or no progress.**

#### Details

Our 2016 audit found that the Ministry had not developed specific policies or guidelines for ongoing monitoring of on-the-job training or the quality of in-class training.

At the time of our follow-up, work on this recommendation was at its early stages. The Ministry was collecting and analyzing information in order to develop approaches to monitor on-the-job and in-class training. The Ministry informed us that it expects to complete the analysis by October 2018 and develop recommendations for an employer monitoring strategy by December 2018.

The Ministry also stated it expects to consult with the Ontario College of Trades between October 2018 and December 2019 on appropriate approaches to monitor on-the-job and in-class training. At the time of our follow-up, the Ministry told us it would be establishing an Employer Monitoring Working Group, and was considering the scope and terms of reference for the group's work.

- *regularly analyze completion rates by training delivery agent and employer to identify trends that may indicate problems and take corrective action;*

**Status: Little or no progress.**

#### Details

In March 2018, the Ministry generated reports on apprentice completion rates by training delivery agent and by employer, and conducted some

preliminary analysis. The Ministry informed us that it would consult with the Ontario College of Trades to develop an appropriate approach to analyze completion rates by training delivery agent and employer. The Ministry also stated that as issues are identified, it would collaborate with the College and training delivery agents to address the issues.

- *identify and address issues with in-class training that may be preventing apprentices from passing the final qualification exam;*

**Status: Little or no progress.**

#### Details

The Ministry plans to complete an analysis by October 2018 of correlations between in-class training and successful apprenticeship completions. Based on this analysis, the Ministry stated it will develop recommendations through consultation with the Ontario College of Trades and training delivery agents by March 2019.

#### Recommendation 14

*The Ministry of Advanced Education and Skills Development should administer surveys in a way that allows for detailed analysis of results in order to provide information that can be used to address areas needing improvement. Specifically, the Ministry should:*

- *develop questions for in-class surveys directly related to apprenticeship training and any other information the Ministry considers necessary to inform future decision-making on program design;*

**Status: Little or no progress.**

#### Details

In our 2016 audit, we reported that surveys of apprentices for their in-class training were of limited value because the survey questions were not specific to apprenticeship programming.

Since the time of our audit, only one question has been added to the survey. The response to this

question is intended to show whether apprentices felt they received useful information prior to their class start date and thus felt prepared for their in-school training.

According to the Ministry, additional questions were not added to the survey because the survey is administered to all postsecondary students attending college programs; therefore, the questions must be relevant to all postsecondary students, including apprentices. The Ministry informed us that instead it will explore options for a dedicated in-school survey for apprentices attending classroom training.

- *analyze survey results by course, trade, training delivery agent, and apprentice completion type (successfully completed vs. withdrawn), as appropriate, for the survey.*

**Status: In the process of being implemented by September 2018.**

#### Details

With respect to in-class surveys completed by apprentices (administered by colleges and other training delivery agents), the Ministry informed us during our follow-up that by September 2018 it expects to analyze responses for select questions by training provider and trade, in order to understand apprentices' level of satisfaction with their in-class training.

With respect to surveys of persons who have completed their apprenticeship or withdrew from the program (the Apprenticeship Survey, which is administered by Ipsos Reid on behalf of the Ministry), the Ministry analyzed the results of the Apprenticeship Survey with completion data by employer and training delivery agent, and produced a report of its findings in March 2018.

## Amount of Overdue Loans Is Unknown

### Recommendation 15

*To ensure loans given to apprentices to purchase tools are collected when they become due, the Ministry of Advanced Education and Skills Development should proactively monitor apprentices' status in the program to quickly identify the date they either complete or withdraw from the program.*

**Status: Fully implemented.**

### Details

In our 2016 audit, we noted that the Ministry provided interest-free loans to first-year apprentices of \$300 to \$800 for the purchase of tools. The loans were repayable within one year after obtaining certification or within six months of withdrawing from the program. The Ministry relied on a self-declaration from program participants to let it know when they had completed or dropped out of their apprenticeship program, which established the date the loan was repayable.

Our follow-up found that in January 2018 the Ministry linked loan recipients to apprenticeship completion status in its Employment Ontario Information System. Ministry staff were trained on the system's new functionality and are now required to run daily reports to identify apprentices whose loans become repayable and loans that need to be sent for collection.

## Ministry Lacks Necessary Data to Ensure Employment Ontario Programs Meet Labour Needs

### Recommendation 16

*To ensure funding is spent on training or otherwise preparing people for jobs, better inform program and funding decisions and ensure that skills training promotes occupations with future employment the most likely prospects for long-term sustainable employment, the Ministry of Advanced Education and Skills Development should:*

- *obtain forecast labour force data by region and occupation, and other labour market information (such as, factoring in new graduates and forecast migration trends) more frequently (such as every two years) and for a longer projected time (10 years, for example);*

**Status: In the process of being implemented by December 2018.**

### Details

In our 2016 report, we noted that the Ministry was reporting every four years on the likelihood of people finding employment in about 200 occupations. At the time of our follow-up, the Ministry had updated the labour market information on its website to depict job outlooks over a five-year period for 500 jobs.

However, the forecast does not factor in new graduates and forecast migration trends, only net new openings and attrition such as through retirements and deaths. New search functionality was also added to the website to allow the user to sort the jobs by annual income, growth rate and number of job openings.

In 2016, we also reported that the Ministry did not have regional information on labour force supply and skills demand. In February 2018, the Ministry also obtained preliminary occupational projections for five sub-provincial regions covering Ontario and was assessing that information for suitability.

The Ministry told us that it is working with the Ministry of Finance and the Ministry of Citizenship and Immigration to obtain new sub-provincial occupational projections. The Ministry expects to produce long-term occupational outlooks (10 years) for five regions by December 2018.

- *evaluate the work of the local boards and local employment planning councils in informing decision making and take any necessary corrective action.*

**Status: Little or no progress regarding the 26 local boards (0.5). In the process of being implemented by fall 2018 for the local employment planning councils (0.5).**

### Details

At the time of our 2016 audit, the Ministry was funding 26 local community-based boards to assess local market conditions. Prior to that, in December 2015, it began piloting eight local employment planning councils. These councils were responsible for preparing an annual Community Labour Market Planning Report that was supposed to identify local labour market challenges, opportunities and recommendations. The pilot is due to end March 31, 2019.

At the time of our follow-up, the Ministry had no plans to evaluate the activity of the 26 local community-based boards.

With respect to the Employment Planning Councils, in January 2017 the councils began reporting labour market information to the Ministry on a quarterly basis. In our follow-up, we found that the Ministry had concerns about the information and the councils' ability to build local labour market information capacity. For example:

- Some reports/products contained limited analysis and interpretation.
- A considerable number of reports repackaged Statistics Canada data with little analysis and did not appear to add to the body of evidence on local labour market needs.
- Engagement with employers was uneven across the councils. While some councils were relatively strong in engaging employers, in most cases there was limited involvement with employers.
- There were issues with data collection techniques such as using open-ended survey questions that were difficult to analyze and interpret, and sampling methods and response rates were unclear.

In November 2017, the Ministry engaged a third-party consultant to evaluate the effectiveness of the councils. According to the contract, the evaluation was to be completed by the end of June 2018. At the time of our follow-up, a draft report was not available for our review.

## Little Public Reporting of Employment Ontario Outcomes

### Recommendation 17

*In order to help job seekers and those considering training for a skilled trade or other learning for employment purposes, the Ministry of Advanced Education and Skills Development should:*

- *establish yearly reportable outcome measures;*  
**Status: Little or no progress.**

### Details

In our 2016 report, we noted that the Ministry set few outcome measures to publicly report on and that these measures were not consistent from one year to the next.

At the time of our follow-up, the Ministry informed us that it was developing a monitoring and evaluation framework to develop key performance indicators that would be consistent across all employment and training programs, pilots and system features. The Ministry expected to get approval for the framework in the coming months at which time it would start to develop a plan, but it did not have an expected completion date.

- *publicly report information useful to those upgrading their skills or seeking employment, such as reporting separately on the number of Employment Service clients who obtain employment and those who go on to further training, as well as reporting apprenticeship pass rates and the percentage of apprentices who find employment in their chosen trade.*

**Status: Little or no progress.**

### Details

At the time of our audit in 2016, the Ministry publicly reported little information useful to employment and career seekers, such as program completion statistics, or employment outcomes for apprenticeship or employment and training programs.

In 2016, we reported that it would be helpful to know what percentage of apprentices find employment in their chosen trade upon completion of their program. As well, publishing pass rates for in-class training courses and trade certification exams, and satisfaction survey results by training delivery agent would also be helpful to apprentices having to choose where to complete the in-class portion of their program. Publishing completion rates overall by trade, in combination with future employment opportunities given the existing supply of people already in the trade, would help apprentices select which trade to go into.

In February 2017, the Ministry released the Employment Ontario Geo Hub, providing access to statistics regarding employment services and the apprenticeship program.

We reviewed the website during our follow-up and found that the information would not provide a job seeker or apprentice with information outlined in our 2016 audit. For example, with respect to apprenticeships it provided the number of certificates issued by region and number of new registrations by region and trade. With respect to employment services, the website provided funding, expenditure and performance information by service providers.

## Duplication of Employment and Training Services

### Recommendation 18

*To eliminate duplication in service delivery, the Ministry of Advanced Education and Skills Development should establish timelines for streamlining and integrating employment and training services of the Ministry of Citizenship, Immigration and International Trade across the government with Employment Ontario.*

**Status: No longer applicable.**

### Details

At the time of our 2016 audit, the Ministry informed us that the government had no plans to integrate the workplace training program offered by the Ministry of Citizenship, Immigration, and International Trade with Employment Ontario. We noted that almost 40% of the service providers funded by the Ministry of Citizenship, Immigration, and International Trade to provide employment services were also funded by the Ministry of Advanced Education and Skills Development to provide similar services.

On June 29, 2018, the government decided to transfer the immigration training programs from the Ministry of Citizenship, Immigration, and International Trade to the Ministry of Training, Colleges and Universities. However, the Ministry told us it does not consider there to be an overlap in services offered between immigration programs, such as the Ontario Bridge Training projects, and Employment Ontario. The Ministry noted that Ontario Bridge Training projects are specialized for specific high-skill occupations for immigrants, whereas Employment Ontario programs target a broader range of generic employment and training needs for clients. Therefore, the Ministry does not plan to integrate the services offered by the two ministries.

# Chapter 1

## Section 1.05

Ministry of the Environment, Conservation and Parks

# Environmental Approvals

Follow-Up on VFM Section 3.05, 2016 Annual Report

### RECOMMENDATION STATUS OVERVIEW

|                   | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|-------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                   |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1  | 3                        |                               | 1                               | 2                     |                         |                      |
| Recommendation 2  | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 3  | 2                        | 2                             |                                 |                       |                         |                      |
| Recommendation 4  | 2                        |                               | 1                               | 1                     |                         |                      |
| Recommendation 5  | 3                        | 1                             | 1                               | 1                     |                         |                      |
| Recommendation 6  | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 7  | 3                        | 1                             |                                 | 2                     |                         |                      |
| Recommendation 8  | 2                        |                               | 1                               | 1                     |                         |                      |
| Recommendation 9  | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 10 | 3                        | 1                             |                                 | 1                     | 1                       |                      |
| Recommendation 11 | 3                        |                               | 3                               |                       |                         |                      |
| Recommendation 12 | 4                        |                               |                                 | 4                     |                         |                      |
| <b>Total</b>      | <b>28</b>                | <b>6</b>                      | <b>8</b>                        | <b>13</b>             | <b>1</b>                | <b>0</b>             |
| <b>%</b>          | <b>100</b>               | <b>21</b>                     | <b>29</b>                       | <b>46</b>             | <b>4</b>                | <b>0</b>             |

## Overall Conclusion

As of July 25, 2018, the Ministry of the Environment, Conservation and Parks (Ministry) fully implemented 21% of the actions we recommended in our 2016 Annual Report and made progress in implementing a further 29%. The Ministry has fully implemented actions such as:

- developing and implementing a risk management framework and updating its enforcement plan to include emitters operating without appropriate approvals;
- establishing a one-year service standard for reviewing higher-risk Environmental Compliance Approvals and monitoring performance to ensure these targets have been met; and
- completing improvements to its existing emitter database to include key information

relating to financial securities required to cover estimated clean-up costs.

As well, the Ministry is in the process of:

- incorporating expiry dates into Environmental Compliance Approvals, especially for high-risk activities;
- integrating data into its information system to support the identification of high-risk emitters; and
- assessing public complaints related to the activities of emitters eligible for self-registration.

However, the Ministry has made little or no progress in implementing a further 46% of the recommended actions, which include:

- establishing guidelines and targets to ensure approved emitters are operating with conditions consistent with current standards;
- revising its risk-based policy to include requirements for how frequently to inspect high-risk emitters;
- revising its financial security policy to ensure that financial security amounts are regularly re-evaluated to accurately reflect future clean-up costs; and
- regularly obtaining and analyzing data from emitters to assess whether the environmental approvals system effectively regulates pollution or the cumulative impact of emissions on human health.

The status of actions taken on each of our recommendations is described in this report.

## Background

Under the *Environmental Protection Act* and the *Ontario Water Resources Act*, anyone who wants to engage in activities in Ontario that release contaminants into the air, land or water—or transport, store or dispose of waste—must obtain an environmental approval from the Ministry of the Environment, Conservation and Parks (Ministry).

In this report, anyone releasing a contaminant or pollutant is referred to as an emitter.

The *Environmental Protection Act* broadly defines a contaminant to include solids, liquids, gases, odours, heat, sound, vibrations and radiation resulting from human activities that can cause harm to the environment and human health.

In 2010, the Ministry launched its Modernization of Approvals initiative intended to make the environmental approvals program more accessible, flexible and efficient. Overall, our 2016 audit found that the Ministry's environmental approvals program was not effectively managing the risks to the environment and human health from polluting activities. Specifically:

- While the Ministry had some processes to identify emitters that were operating without the required environmental approvals, its approach was largely reactive. By the time the emitters were identified and the Ministry took action, the emitters had often been operating without proper approvals for years.
- More than 200,000 approvals issued more than 15 years previously had not been updated to meet current environmental standards or to reflect emitters' current operations. Approvals prior to 2000 did not contain many of the operational requirements that similar current approvals include.
- Approximately 80% of the 32,500 emitters that had been issued approvals in the 15 years prior to our audit had never been inspected—despite the fact that there was a high level of non-compliance with the environmental requirements for conducting their activities by emitters that had been inspected.
- One-third of the emitters that were issued penalties from 2009 to 2016 were issued penalties for more than three violations. The Ministry had not assessed whether its penalties were effective in discouraging individual companies from repeatedly violating environmental regulations.

We also found that, despite being mandated by the Premier in 2014 to “put greater emphasis on the ‘polluter pays’ principle,” the Ministry bore the brunt of the costs of delivering the environmental approvals program, including costs of future clean-up. Specifically:

- Application and self-registration fees obtained from emitters did not cover all of the Ministry’s costs for administering the environmental approvals program. In 2014/15, such fees covered only about 20% of the program’s \$23 million costs. The application fees had not been updated since 1998.
- The Ministry did not always require financial security from high-risk activities, such as hazardous waste transporters, industrial sewage systems and other industrial activities, that were likely to result in contaminant spills.
- The amount required from emitters—and imposed as a condition of the Environmental Compliance Approval—was usually based on the most reasonable estimate for future clean-up. However, our review of a sample of emitters indicated that the Ministry had collected approximately \$10 million less than what it estimated would be required for future clean-ups.
- In many cases the Ministry did not re-evaluate its long-term remediation cost estimates to determine whether it needed to collect more in financial security from emitters to cover the costs. This exposed the Ministry to the risk of having to pay potentially large clean-up costs if the emitter was unable or unwilling to pay for remediation.

With regard to public involvement in the environmental approvals program, we found the following:

- The public did not have an opportunity to provide input on any of the self-registered activities—which include wrecking yards, commercial printing and others—before the emitters started operations. Given that the Ministry—as part of its modernization

initiative—planned to convert many more activities that were subject to public input to those that are not, opportunities for meaningful public input will be reduced in the future.

- In the five years prior to our audit, the Ministry received approximately 78,000 public complaints and reports of contaminant spills, which it tracked in a database. However, the Ministry did not consistently follow up on complaints or reports of contaminant spills on a timely basis or categorize them by their underlying problem so that it could identify and act on any systemic issues.
- The publicly accessible emitter database maintained by the Ministry could not perform the basic searches for which it was designed, such as searching for emitters in a particular neighbourhood.

The Ministry did not know whether its environmental approvals program was effectively regulating polluting activities and how much impact such activities had on human health. In particular, self-registered emitters were not required to provide the Ministry with emissions information. This resulted in the Ministry not knowing whether levels of pollution from these activities were above approved levels. At the same time, when the Ministry did receive emissions information from higher-risk emitters, it did not assess the environmental and health impacts of those emissions within various regions of the province.

We made 12 recommendations, consisting of 28 actions, to address our audit findings.

We received commitment from the Ministry that it would take action to address our recommendations.

## Status of Actions Taken on Recommendations

We conducted assurance work between March 29, 2018 and July 25, 2018, and obtained written

representation from the Ministry of the Environment, Conservation and Parks on October 31, 2018 that it has provided us with a complete update of the status of the recommendations we made in the original audit two years prior.

## Emitters Operating with Outdated or No Environmental Approvals

### Recommendation 1

*To ensure that all emitters that have Environmental Compliance Approvals are operating with conditions that are consistent with current environmental standards and their current operations, the Ministry of the Environment and Climate Change should:*

- *establish guidelines and targets for the timely review and update of existing Environmental Compliance Approvals;*

**Status: Little or no progress.**

### Details

Our 2016 audit identified that although the *Environmental Protection Act* authorizes the Ministry to impose renewal requirements on environmental approvals, the Ministry had chosen to issue environmental approvals that neither expired nor were required to be renewed periodically. The Ministry did not regularly review existing approvals to ensure they were consistent with current environmental standards. Instead, it relied on emitters to inform it when their approvals needed to be updated, such as when they changed their operations. However, our audit found that emitters did not always do so.

On January 1, 2017, the Ministry began reviewing a sample of higher-risk activities approved prior to 2000 to determine how many approvals it would need to amend and/or revoke based on potential risk to the environment. According to the Ministry, it will use the results of this assessment to determine appropriate next steps, which could include creating guidelines and targets for the timely review and update of Environmental

Compliance Approvals. At the time of our follow-up, the risk assessment was ongoing; hence, no action had been taken to develop guidelines or targets as recommended.

- *evaluate the benefits and costs of setting expiry dates on Environmental Compliance Approvals, especially for high-risk activities;*

**Status: In the process of being implemented by June 2019.**

### Details

Our 2016 audit noted that in four Canadian jurisdictions—British Columbia, Alberta, New Brunswick and the Yukon—environmental approvals have expiry dates that range from 15 months to 10 years from the date they are issued, which can help to ensure that these approvals reflect current environmental standards.

Since 2003, the Ministry has been incorporating expiry dates into newly issued Environmental Compliance Approvals for sewage works. It is currently evaluating applying expiry dates for all other types of activities, and has indicated that it plans to complete this evaluation by June 2019.

- *ensure its emitter database contains the information needed to support monitoring activities for all emitters, including those approved prior to 2000.*

**Status: Little or no progress.**

### Details

As noted in our 2016 report, the Ministry did not enter any information about approvals issued prior to 2000 when it implemented its current information system in late 1999. At the time of our audit in 2016, all relevant documentation regarding these approvals was stored in boxed paper files in the Ministry's off-site storage facility. Consequently, the Ministry did not know how many emitters are still operating with these old approvals.

Many of the emitters that were operating prior to 2000 might have since ceased to operate. However, our review of a sample of these approvals

selected during our 2016 audit indicated that the Ministry should further review these pre-2000 approvals because the Ministry determined, at our request, that over half of the emitters we looked at were still in operation.

Similarly to the first action item in this recommendation, the Ministry is waiting to complete its assessment of higher-risk approvals issued prior to 2000 before it begins any work, including entering information about these approvals in its emitter database.

### Recommendation 2

*To ensure that all emitters have the required environmental approvals, the Ministry of the Environment and Climate Change should improve its strategy to more proactively identify emitters that are operating without environmental approvals soon after they begin operations.*

**Status: Fully implemented.**

#### Details

At the time of our audit in 2016, the Ministry acknowledged that it was aware that some emitters were operating in Ontario without registering with the Ministry or without the required environmental approvals. However, the Ministry had not attempted to determine how many such emitters were operating or what risks they posed to the environment. In the five years preceding our 2016 audit, the Ministry had identified over 900 emitters that were operating without an approval. In contrast, our analysis of a business directory indicated that there may have been about 12,000 potential emitters operating in the province that were not in the Ministry's emitter database.

Since our 2016 audit, the Ministry has developed and implemented a risk management framework for the 2017/18 year that enables staff to identify and assess risks related to emitters operating without appropriate approvals. In February 2017, the Ministry also updated its compliance and enforcement plan to address risks from facilities

operating without the required authorizing documents by, for example:

- using geographic information system (GIS) mapping to help identify sites in areas not served by local municipalities that do not have required approvals for private, commercial and institutional sewage; and
- identifying waste transporters and pesticide applicators that are advertising their services.

Since our 2016 audit, the Ministry has identified 537 emitters operating without an approval.

### Recommendation 3

*To ensure that all emitters that apply for Environmental Compliance Approvals obtain and are operating with the required approvals containing conditions that are consistent with current environmental standards and their current operations, the Ministry of the Environment and Climate Change should:*

- *establish targets to ensure the timely review of environmental compliance approval applications;*

**Status: Fully implemented.**

#### Details

At the time of our 2016 audit, the Ministry did not have a policy regarding the time it should take staff to review applications for Environmental Compliance Approvals. We found that emitters had to wait months or years before receiving an approval, and that these timelines were increasing. These lengthy delays resulted in some emitters beginning operations before they obtained an approval, and therefore having their emissions unmonitored and unregulated during the waiting period for their approvals.

In December 2017, the Ministry implemented a one-year service standard for all higher-risk Environmental Compliance Approvals; this includes air, waste and wastewater. This service standard includes suggested timelines for each stage of the review from application screening to the decision.

- *monitor performance and staffing to ensure these targets are achieved.*

**Status: Fully implemented.**

#### Details

In 2017, the Ministry established a performance measure for meeting the one-year service standard discussed in the previous action and an internal tracking system to continually monitor and update the approvals program as required. The average time to review an Environmental Compliance Approval decreased from 22 months at the time of our 2016 audit to 12 months (from the date of receipt of application), for air/noise applications approved between December 2017 and May 31, 2018.

In order to reduce review timelines, the Ministry made certain low-risk activities that discharge airborne emissions eligible for only registration in the Environmental Activity and Sector Registry (EASR) beginning January 2017 and not requiring approvals. It retained a list of nine other activities that still require Environmental Compliance Approvals, including land disposal of waste, thermal processing of waste, certain metal plating processes, and others. Because operators engaging in low-risk activities no longer had to apply for Environmental Compliance Approvals, the number of Environmental Compliance Approval applications received by the Ministry between January 2017 and May 2018 decreased by an average of 53% per month. The reduced number of applications means that Ministry staff can focus on higher-risk activities and ensure a more timely review of Environmental Compliance Approval applications.

## Ministry's Environmental Monitoring and Enforcement Insufficient to Deter Violations

#### Recommendation 4

*To ensure that all self-registered emitters and emitters with Environmental Compliance Approvals, particularly those that pose the highest risk to the*

*environment, are appropriately monitored and non-compliance issues are identified and corrected on a timely basis, the Ministry of the Environment and Climate Change should:*

- *gather and record data in its information system to support the identification of all high-risk emitters;*

**Status: In the process of being implemented by April 2020.**

#### Details

Our 2016 audit identified that the Ministry's emitter database had information about the emitters' location, inspections and public complaints. However, the Ministry did not compile such emitter-specific information to form risk profiles for individual emitters. Therefore, the Ministry did not have assurance that not monitoring these emitters was justified, because it did not have information regarding the risks posed by individual emitters.

In August 2017, the Ministry began implementing a new information system to track its compliance activities. It estimates that it will complete the integration of risk for individual emitters into the new system by April 2020.

- *revise its risk-based policy to include requirements on how frequently to review and inspect these emitters and ensure that the policy is followed.*

**Status: Little or no progress.**

#### Details

We noted in our 2016 audit that in 2014/15, 230 inspectors inspected approximately 3,000, or about 9%, of approximately 33,400 emitters that were known to the Ministry at that time. Given this inspection rate, it would take the Ministry more than 11 years to inspect every emitter with an Environmental Compliance Approval. Our audit noted high rates of non-compliance with emitters with environmental compliance approvals, indicating the need for more frequent inspections. For example, in the five years preceding our 2016 audit,

20% of 4,147 hazardous-waste-related inspections, 35% of 4,876 air-related inspections and 47% of 1,228 sewage-related inspections identified non-compliances that could have environmental or health consequences.

According to the Ministry, its new compliance information system (discussed in the previous action item), once fully implemented, will provide information about emitters that have been issued approvals to allow the Ministry to determine which emitters to inspect and how often. However, the Ministry has not begun or established a timeframe by which it plans to identify the types of information it will gather to enable this determination.

### Recommendation 5

*To ensure that all emitters, particularly those that pose the highest risk to the environment, are appropriately monitored, and that its system of penalties is effective in correcting non-compliance issues on a timely basis, the Ministry of the Environment and Climate Change should:*

- *assess, as part of its ongoing reviews of its penalties program, how effective its penalties are in discouraging individual emitters from being non-compliant with environmental regulations;*  
**Status: In the process of being implemented by June 2019.**

#### Details

We found in our 2016 audit that the penalties levied by the Ministry often did not deter repeat offenders. Nineteen of the 55 emitters that were issued penalties from 2009 to 2016 were issued penalties for more than three violations. The *Environmental Protection Act* requires the Ministry to review its penalty program every five years. The Ministry's 2012 review analyzed penalties that were issued from 2007 to 2011, focusing on the types of violations and the sectors in which violations occurred. However, the review did not assess the effectiveness of penalties in deterring repeated violations by individual emitters.

In April 2018, the Ministry began reviewing the use of monetary tools, such as tickets and fines, in its penalty program. The objectives of this review included:

- increasing compliance and improving deterrence for significant sources of environmental and public health risk;
- reducing the regulatory burden for entities that represent lower environmental risk; and
- updating tools for provincial officers to ensure efficient and client-focused compliance services through the use of modern techniques in proportion to offence and level of risk.

The Ministry expects to complete its review and recommend changes for Cabinet approval by June 2019.

- *establish a clear progressive penalty policy and process for dealing with repeat offenders;*  
**Status: Fully implemented.**

#### Details

Our 2016 audit identified that despite the high rate of non-compliance identified through inspections, the Ministry relied on emitters to voluntarily comply with the conditions of their environmental approvals, and often did not impose stringent enforcement measures. Over 40% (287 of 659) of the emitters found to have exceeded the contaminant or pollutant limits from 2010 to 2014 did so on more than three occasions during those years. These same emitters accounted for 96% of the approximately 17,500 reported instances of emitters exceeding contaminant or pollutant limits.

In March 2018, the Ministry created a guidance document to focus its compliance and enforcement resources more effectively on corporate or individual repeat offenders. The strategy aims to align resources to respond to patterns of ongoing non-compliance in proportion to the severity of the incidents and to bring these entities into regulatory compliance. In May 2018, the Ministry began training staff to implement the strategy.

As part of this strategy, the guidance document makes district office staff responsible for establishing and implementing processes to identify repeat offenders, and developing and putting into effect compliance plans for those identified. Repeat offenders would be subject to increasingly stringent compliance measures, with details and timelines at the discretion of the relevant manager. The Ministry has created a number of performance metrics to assess the effectiveness of the new strategy, such as:

- number of entities identified as repeat offenders; and
  - number and type of compliance tools used to address repeat offenders.
- *take swift remedial action in the event of a violation.*

**Status: Little or no progress.**

#### Details

In our 2016 audit, we noted that for over 300 air-related inspections in 2014/15 in which the Ministry identified violations that could have environmental or health consequences, 44% (107) involved repeat offenders. For 74 of the 107 repeat offenders, the Ministry used voluntary abatement measures. We also noted that even when the Ministry did levy penalties, sometimes over several years, the penalties often did not deter repeat offenders. Nevertheless, as the Ministry informed us, the purpose of a penalty is to encourage companies to comply with environmental regulations and take swift remedial action in the event of a spill, unlawful discharge or other environmental violation.

The new guidance document relating to repeat offenders was implemented in May 2018. Repeat offenders are now subject to increasingly stringent compliance measures, with details and timelines at the discretion of the relevant manager.

## Cost to Support Environmental Approvals and to Clean Up Contamination Not Fully Recovered from Emitters

### Recommendation 6

*The Ministry of the Environment and Climate Change should complete the review of its financial security policies, and ensure that financial security and/or environmental liability insurance is required for all activities that pose significant risks to the environment.*

**Status: Little or No Progress.**

#### Details

Regulations under the *Environmental Protection Act* (Act) require financial security only for large privately owned landfills that accept municipal waste, and for mobile PCB destruction facilities. Our 2016 audit found that neither the regulations under the Act nor Ministry policy require financial security for several other high-risk activities such as transporting hazardous waste, running an industrial sewage system, and other activities that can result in contaminant spills.

In December 2017, the Ministry began evaluating long-term improvements to its financial security policies. This includes exploring whether environmental liability insurance can be used as a complement or substitute for currently accepted forms of financial security, and which activities or sectors not currently requiring financial security may be considered as high risk and therefore should require it to be provided. The Ministry expects to complete by March 2019. At the time of our follow up, the Ministry had not yet determined when it expects to implement changes resulting from the review.

### Recommendation 7

*To ensure that it does not bear the future financial costs of cleaning up contamination caused by emitters whose activities it has approved, the Ministry of the Environment and Climate Change should:*

- *revise its financial security policies so that all financial security amounts are regularly re-evaluated to ensure they accurately reflect future remediation costs;*

**Status: Little or no progress.**

#### Details

Our 2016 audit found that, in some cases, the amount of financial security that the Ministry has required from emitters—as recorded in the Ministry’s emitter database—was not sufficient for future clean-up. The fixed financial security amounts for about one-fifth of the approximately 1,000 emitters with financial security requirements were established in the 1980s and had not been updated. Because financial security is often collected many years before it needs to be spent on remediating contaminated sites, the Ministry needs to periodically re-evaluate the amounts to ensure they are sufficient.

In 2016, our review of a sample of emitters indicated that the Ministry had collected approximately \$10 million less than what it estimated would be required for future clean-up. Ministry policies do not state how frequently such reviews should be conducted, and in two-thirds of cases where the security amounts had been re-evaluated by the Ministry, the amount had at least doubled from the previous estimate.

In March 2018, as part of its review of improvements to the financial security policies, the Ministry attempted to procure the services of an external consultant to re-evaluate fixed financial security amounts. The consultant’s responsibilities would have included making recommendations on how to ensure that financial security amounts held by the Ministry continue to reflect the cost of remediating contaminated sites and how often security amounts should be updated. However, the Ministry did not receive any bids. At the time of our follow-up, the Ministry had not yet done any further work in this area and indicated they will be seeking direction from government on next steps.

- *update its emitter database so that it:*
  - *includes all current estimated remediation costs;*
  - *reconciles the financial security collected with the estimated costs; and*
  - *indicates the last date the security was re-evaluated;*

**Status: Fully implemented.**

#### Details

We noted in our 2016 audit that the Ministry’s emitter database was intended to track the emitters from whom financial security is required, the amount the Ministry had required from each emitter, and the amount held by the Ministry. We found that, due to limitations in the Ministry’s financial security database, it could not determine the number of cases where it had sought a lesser amount of financial security because of concerns regarding the emitter’s ability to provide sufficient financial security to cover estimated clean-up costs.

In May 2017, the Ministry updated its existing emitter database to include information about current estimated financial security requirements, the amount of security actually received, and the date by which the financial security amount must be re-evaluated.

- *collect the financial security deemed necessary for clean-up from all emitters required to provide it.*

**Status: Little or no progress.**

#### Details

In our 2016 audit, we noted that as of March 31, 2016, the Ministry’s emitter database indicated that \$442 million in financial security had been required from about 1,000 emitters, and that only \$6 million had not been collected by the Ministry.

Since our audit, the Ministry has reviewed and followed up on all emitters that had not provided the required financial security and has obtained \$1 million. The Ministry wrote off another \$1 million as uncollectible because the emitters had since gone bankrupt and ceased operations. At the

time of our follow-up, \$4 million in financial security was still outstanding, of which \$2.4 million is planned to be collected over a longer period of time based on decisions required by court proceedings, settlement agreements and monthly instalments from payment plans.

### Recommendation 8

*To ensure that the Ministry of the Environment and Climate Change (Ministry) recovers the costs of administering the environmental approvals program, the Ministry should:*

- *determine its cost of administering the environmental approvals program, including costs incurred to monitor and enforce compliance;*

**Status: In process of being implemented by April 2020.**

#### Details

We noted in our 2016 audit that, in 2012/13, the Ministry had established a goal for the approvals program to achieve full cost recovery from fees collected by spring 2014. However, at the time of our audit, the Ministry was recovering only 20% of its costs to administer the environmental approvals program. For example, in 2014/15, the Ministry spent over \$23 million to deliver the environmental approvals program, but collected only \$4.8 million in related registration and application fees.

In February 2018, the Ministry began analyzing the cost of administering its Environmental Compliance Approval program. In 2019/20, it expects to submit a plan to move toward full cost recovery for approval by the Treasury Board/Management Board of Cabinet.

- *establish appropriate registration and application fees based on the total cost of administering the program.*

**Status: Little or no progress.**

#### Details

Our 2016 audit noted that application fees had not been updated since 1998. We noted that the 2012 report of the Commission on the Reform of Ontario's Public Services (known as the Drummond Report) also found that fees had not kept pace with the rising costs of program delivery.

In September 2016, the Ministry reviewed the costs of administering its self-registration program and found that actual costs were higher than originally forecast for the Environmental Activity Sector Registry (EASR)—the system through which operators of eligible low-risk or less complex activities or facilities can register their activities or facilities without having to apply for Environmental Compliance Approvals. The EASR program review resulted in the Ministry's commitment to increase fees starting December 2016, and to continue to increase them by 10% annually until March 2021 to move towards full cost recovery. However, the Ministry cannot begin to move toward setting fees reflective of full cost recovery until it has completed an analysis of the costs of administering the Environmental Compliance Approval program.

## Public Not Well Informed about Activities That Cause Pollution

### Recommendation 9

*To ensure that the emitting activities eligible for self-registration are a low risk to Ontarians and the environment, and to justify the lack of opportunity for the public to have input regarding the acceptability of such activities before emitters begin operations, the Ministry of the Environment and Climate Change should regularly review whether the risk posed by such activities is indeed low. Such a review should include an evaluation of complaints from the public to better understand the risks of these activities.*

**Status: In the process of being implemented by January 2020.**

### Details

In most cases, the Ministry must post the details of individual applications for Environmental Compliance Approvals on the Environmental Registry to inform and give the public an opportunity to comment on proposed polluting activities in their neighbourhood. However, we noted in our 2016 audit that such public consultation was not required if the proposed activity is eligible for self-registration. Public consultation was only conducted on the regulation that states which activities are eligible for self-registration. As a result, the public does not have an opportunity to comment on many potentially environmentally harmful activities before emitters begin operating.

Since our audit, the Ministry has developed and implemented a business process to record complaints associated with the activities of emitters eligible for self-registration. The Ministry has also begun assessing complaints related to activities carried out by self-registered emitters, and has targeted the completion of this analysis for January 2020.

### Recommendation 10

*To enable the public to access relevant information about all emitters, the Ministry of the Environment and Climate Change should:*

- ensure all emitters that have self-registered are included in the Access Environment database;
- ensure that all emitters with Environmental Compliance Approvals, including those that were issued Environmental Compliance Approvals prior to 2000 and are still operating at sites, are also included in the Access Environment database;

**Status:** Fully implemented for self-registered emitters. Little or no progress for emitters with Environmental Compliance Approvals.

### Details

The Ministry's online database, Access Environment, is intended to enable members of the public

to access emitter information in their local area. However, we noted in our 2016 audit that this database was not user-friendly and did not allow the public to perform searches for most of the basic information that members of the public are concerned about, such as searching for emitters by name or by postal code. Further, it did not contain any information on thousands of emitters that were granted approvals prior to 2000.

In March 2018, the Ministry enhanced the database's functionality to ensure that users can identify all self-registered emitters. The fixes included giving users the ability to search by postal code and geographical radius, correcting location errors in over 24,000 records, and removing duplicate records.

The Ministry informed us that it is waiting to complete its assessment of higher-risk approvals issued prior to 2000, noted in its response to **Recommendation 1**, before it evaluates whether those approvals should be included in the Access Environment database.

- *make necessary changes to the Access Environment database to enable members of the public to readily obtain complete and relevant information about all emitters, including the emitter's history of compliance with conditions of their self-registration or Environmental Compliance Approval.*

**Status:** Will not be implemented. The Office of the Auditor General continues to believe that, in order to ensure that the public is provided with complete and readily accessible information on emitters, the Ministry should include information in the Access Environment database on emitters' history of compliance along with conditions of their self-registration and/or Environmental Compliance Approvals.

### Details

In our 2016 audit, we noted that the Access Environment database did not include information about emitters' compliance history and emissions information. In its response to this

recommendation in our *2016 Annual Report*, the Ministry informed us that it did not agree that emitters' compliance history should be made available through the Access Environment database because the information is available at Ministry district offices, and some convictions under the *Environmental Protection Act* are posted on the Ontario Newsroom website. Therefore, the Ministry will not implement this recommendation.

## Public Complaints Not Well Managed

### Recommendation 11

*To ensure public concerns on the environmental approvals program are adequately addressed, the Ministry of the Environment and Climate Change should:*

- follow up on all public complaints on a timely basis;  
**Status: In the process of being implemented by April 2020.**

#### Details

In the five years preceding our 2016 audit, the Ministry received approximately 78,000 reports of contaminant spills and public complaints about emitters that were potentially violating environmental laws and causing harm to the environment and human health. Our audit found that the Ministry did not consistently track the timeliness of its response to complaints. While most complaints were followed up on in a reasonably timely manner, at the time of our 2016 audit, over 1,800 complaints—including 265 from 2010/11—had not yet been assigned to a Ministry field inspector for follow-up. About 900 complaints on which the Ministry had done preliminary assessments and determined they warranted field inspections had not yet been followed up on.

The Ministry informed us that it would review and update its service standards for responding to incidents and public complaints. It expects that

updated service delivery standards and metrics for assessing timeliness will be incorporated into the new compliance information system by April 2020.

- categorize complaints by their underlying issue;  
**Status: In the process of being implemented by April 2020.**

#### Details

In our 2016 audit, we noted that the Ministry was not tracking and analyzing public complaint information to identify systemic issues about emitting activities, even though complaints are one of the few ways the Ministry obtains information on violations of environmental laws and regulations.

As part of its review of existing service delivery standards (described in the above action item), the Ministry expects to categorize complaints and prioritize field responses based on the risk associated with the complaint, using criteria such as:

- the contaminant released;
- the impact on the environment; and
- the impact on human health.

The Ministry has targeted this update to its service delivery standards to precede the expected completion in April 2020 of the new compliance information system, in which the new standards will be incorporated.

- take corrective action to address any systemic issues identified.  
**Status: In the process of being implemented by April 2020.**

#### Details

Our 2016 audit noted that the Ministry did not track and analyze public complaint information to identify systemic issues concerning emitting activities. We noted that complaints were one of the few ways the Ministry obtained information on violations of environmental laws and regulations.

The Ministry informed us that it would be building new procedures and service standards into its compliance information system expected for 2020 that would enable it to analyze complaint

information, identify system issues and take corrective actions.

## Ministry Does Not Know If Environmental Approvals Effectively Regulate Pollution or Cumulative Impact of Emissions on Human Health

### Recommendation 12

*To effectively regulate polluters and address potential public health concerns, the Ministry of the Environment and Climate Change (Ministry) should implement processes to:*

- *require self-registered emitters to routinely report emissions data;*  
**Status: Little or no progress.**

### Details

Our 2016 audit noted that the Ministry did not have sufficient environmental and health data to determine the cumulative impact of approved emitting activities on the environment and human health. At the time of our audit there were over 4,600 known self-registered emitters, none of which were required to report the amount of their emissions to the Ministry. Consequently, the Ministry did not know to what extent these emitters were complying with the allowable emission limits, or what impact these emitters were having on the environment and human health.

In January 2017, the Ministry began requiring new self-registered emitters to prepare emissions summary reports and submit them online at time of registration for Air Emissions. These self-registered emitters are now required to provide updated emissions summary reports to the Ministry every 10 years. However, this is not applicable to all self-registered emitters, such as non-hazardous waste management systems, which make up 12% of self-registered emitters, which the Ministry identified has negligible emissions. In addition, this requirement only applies to new Air Emissions self-registrants and not other existing self-registrants.

- *analyze data from self-registered emitters and emitters with Environmental Compliance Approvals to determine the cumulative pollutant levels of current activities in regional areas;*
- *assess the environmental emissions impact of approving new emitting activities in regional areas prior to issuing approvals;*  
**Status: Little or no progress.**

### Details

In our 2016 audit, we noted that although many emitters with Environmental Compliance Approvals were required to submit information to the Ministry about their levels of emissions (such as the amount of pollutants emitted over a given period), the Ministry only checked that emitters were complying with the limits and conditions of their approvals. It did not assess the cumulative environmental and health impacts of emissions in various regions throughout the province.

Now that emissions data is being collected from a large number of new self-registered emitters, the Ministry is in a position to use this data to analyze the cumulative pollutant levels of current activities in different regions. However, at the time of our follow-up, the Ministry did not have a plan to do so.

For its decisions on Environmental Compliance Approvals, however, the Ministry has developed a process for assessing cumulative effects of pollutants from multiple sources. In April 2018, the Ministry posted this policy to the Environmental Registry for assessing the cumulative effects of contaminants on local air quality when making decisions related to approvals of airborne emissions. This policy took effect on October 1, 2018, for Environmental Compliance Approval applications for two types of air contaminants in Hamilton/Burlington and Sarnia/Corunna.

- *ensure that when data from the Ministry's other environmental monitoring programs indicate that air or water quality has worsened in particular regions across the province or in the province as a whole, the Ministry should assess*

*to what extent the approvals program is responsible and take necessary corrective actions.*

**Status: Little or no progress.**

### Details

We noted in our 2016 audit that if data from the Ministry's other monitoring programs indicated that air or water quality had worsened, the Ministry did not assess to what extent the approvals program was responsible for this and what corrective action needed to be taken.

Although no work is currently being performed on this action item, the Ministry has informed us that it will evaluate new emission rates and work with stakeholders to review and potentially expand the draft policy on assessing cumulative effects of contaminants on local air quality over time.

# Chapter 1

## Section 1.06

Ministry of the Environment, Conservation and Parks

# Environmental Assessments

Follow-Up on VFM Section 3.06, 2016 Annual Report

### RECOMMENDATION STATUS OVERVIEW

|                   | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|-------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                   |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1  | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 2  | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 3  | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 4  | 2                        | 1                             | 1                               |                       |                         |                      |
| Recommendation 5  | 2                        | 1                             |                                 | 1                     |                         |                      |
| Recommendation 6  | 2                        | 2                             |                                 |                       |                         |                      |
| Recommendation 7  | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 8  | 3                        |                               | 1                               | 2                     |                         |                      |
| Recommendation 9  | 2                        |                               | 1                               | 1                     |                         |                      |
| Recommendation 10 | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 11 | 2                        |                               |                                 | 2                     |                         |                      |
| Recommendation 12 | 1                        |                               |                                 | 1                     |                         |                      |
| <b>Total</b>      | <b>19</b>                | <b>4</b>                      | <b>3</b>                        | <b>12</b>             | <b>0</b>                | <b>0</b>             |
| <b>%</b>          | <b>100</b>               | <b>21</b>                     | <b>16</b>                       | <b>63</b>             | <b>0</b>                | <b>0</b>             |

## Overall Conclusion

The Ministry of the Environment, Conservation and Parks, previously known as the Ministry of the Environment and Climate Change (Ministry), as of September 4, 2018, has implemented 21% of the actions we recommended in our 2016 Annual Report, all of which relate to practices at

the Ministry's regional offices. For example, the Ministry consulted with stakeholders to determine which areas of the streamlined assessment process require more guidance. The Ministry has also developed a risk analysis tool that regional staff can use to determine which streamlined assessments they should review. The Ministry also surveyed regional staff and incorporated their suggestions into updated internal procedures for reviewing

streamlined assessments and communicating with project owners.

The Ministry is in the process of implementing 16% of the actions we recommended in our audit. For example, it has begun analyzing and reviewing many of its guidance documents. In December 2017, it released guidance on incorporating climate change into environmental assessments, and it plans to release guidance on how to incorporate cumulative effects into comprehensive environmental assessments by March 2019. The Ministry has also improved its processes at its regional offices to better track the number of streamlined assessments. The Ministry is reviewing its compliance framework, including the appropriateness of penalties for project owners who do not submit the appropriate documentation, and is also reviewing the use of independent bodies in other jurisdictions, which will both be completed by December 2018.

Little or no progress has been made regarding 63% of the actions we recommended in our report. For example, we found that the time to complete the Ministry's reviews of bump-ups has increased from 213 days at the time of our 2016 audit to 273 days when we did our follow-up, and the Ministry is unable to determine when timelines will start to decrease. Also, the Ministry has not clarified the legislative criteria with which the Minister makes decisions on bump-up requests or whether to refer a project for a public hearing. The Ministry has not begun reviewing the *Environmental Assessment Act* to ensure that projects with the potential for significant negative impacts are assessed regardless of whether they are public- or private-sector projects, or to clarify what kinds of government plans and programs must undergo an environmental assessment. The Ministry plans to continue to work with Class EA project owners regarding updating the criteria of their Class EA documents used to determine the thoroughness of assessment each project receives; however, the Ministry is unable to determine when such changes will be made. The Ministry also has not provided any guidance to streamlined assessment project owners regarding

conducting cumulative effects assessments, and has not published a database of all environmental assessments for the public to access. The Ministry indicated that it expects to complete various reviews by the end of 2018. However, the Ministry was not able to provide dates when the results of any of these reviews would actually be implemented. These will include:

- reviewing the criteria that determine the thoroughness of assessment required for regulated Environmental Assessments (EAs), as well as the criteria for determining the categorization for Class EA projects;
- developing various internal mechanisms and processes, including service standards for reviewing bump-up requests;
- completing a review of its compliance framework; and
- conducting a feasibility study for performance measures for the program.

During the course of our follow-up work, the Ministry also indicated that it plans to perform an analysis of staffing needs at its regional offices in May 2019. The status of actions taken on each of our recommendations is described in this report.

## Background

An environmental assessment is a planning and decision-making process that evaluates the potential environmental impacts of a proposed project or plan. This process is required under the *Environmental Assessment Act* (Act), primarily for public-sector projects and plans.

The intent of the Act is to establish a process that identifies and resolves potential environmental problems before actual environmental damage occurs. The Ministry of the Environment, Conservation and Parks (Ministry) is responsible for administering the Act.

The scope of environmental impacts under the Act is broad: in addition to the impact on

the natural environment, it includes human life, social, economic and cultural factors that influence a community.

The Act also allows for most environmental assessments to be streamlined—that is, subject to pre-set and less rigorous processes for projects considered to be routine and to have predictable and manageable environmental impacts. Three types of streamlined environmental assessment (EA) processes are outlined in regulations: transit, electricity projects and waste-management projects (these are known as regulated EAs). Eleven types of streamlined assessment processes (known as Class EAs) for groups or classes of projects such as municipal infrastructure projects, waterpower projects and public works projects, are outlined in documents prepared by government ministries, municipalities and not-for-profits representing groups that conduct certain projects on a regular basis. These Class EA documents are approved by the Ministry.

Overall, our 2016 audit found that Ontario's environmental assessment process needed to be modernized and aligned with best practices in Canada and internationally. Because the Act is 40 years old—and is, in fact, the oldest environmental assessment legislation in Canada—it fell short of achieving its intended purpose. For example:

- Ontario is the only Canadian jurisdiction in which environmental assessments are generally not required for private-sector projects. These projects—such as mining operations or chemical manufacturing facilities—proceed without an up-front evaluation of the environmental impacts of the project unless they either are required to undergo a federal environmental assessment or voluntarily agree to undergo a provincial environmental assessment.
- Environmental assessments were not completed for many significant government plans and programs. Although the Act applies to government proposals, plans and programs, only streamlined assessments had been

conducted, and only for forest-management plans. No other environmental assessments had been completed for any provincial government plan or program in the last two decades. This is because:

- The Act is not specific about the types of plans and programs that must be assessed. This means that determining whether a government plan—for example, the Province's Long-Term Energy Plan—requires an environmental assessment is open to interpretation by the provincial ministries and agencies that propose the plan.
- Other legislation undermines the role of environmental assessments by exempting certain plans and programs from requiring them. For example, the Climate Change Action Plan, transportation plans and the government's renewable energy program are exempt from requiring an environmental assessment.

Prior to passing the Act in 1976, the government emphasized the important role the public can play in identifying potential impacts, assessing their significance, and evaluating the advantages and disadvantages of a project or plan. However, the benefits of public input have not been realized. For example:

- Decisions regarding whether to grant public requests for more extensive consultation are at the Minister's discretion, with no clear criteria or an independent body to ensure objectivity. In the five-and-a-half years prior to our 2016 audit, the Minister denied all but one of the public requests to have 177 streamlined assessments bumped up to comprehensive assessments.
- The public was not informed about most projects. The majority of projects underwent the less rigorous streamlined environmental assessment process that included about 30 days of public consultation. The Ministry's website had only information about projects undergoing comprehensive environmental

assessments. Neither the project owners, referred to in the Act as proponents, nor the Ministry provided the public with information about streamlined assessments beyond this brief consultation period.

Neither the comprehensive nor the streamlined process was effectively or efficiently overseen by the Ministry. As a result, the public obtained minimal assurance that these processes were effective in preventing and/or mitigating the negative environmental impacts of projects.

Other significant observations included the following:

- The type of assessment required for a particular project was often not based on the project's potential environmental impact. For example, the basis for determining whether a comprehensive or a streamlined assessment was required for a particular project often depended on its size, scale and cost rather than its potential impact.
- The Ministry had no assurance that streamlined assessments were conducted properly because of its limited involvement. Many streamlined assessments were completed without the Ministry's knowledge—including, for example, 80% of those conducted by the Ministry of Transportation in the five years prior to our audit.
- Lengthy Ministry reviews of public requests to bump up streamlined assessments to comprehensive assessments caused unnecessary project delays. Multiple layers of reviews resulted in an average of seven months of delays, but did not substantively change the outcome of the review. Projects were delayed until all reviews were completed, which often resulted in financial and non-financial costs to project owners.
- Project owners were not required to consider the cumulative effects of other relevant activities, such as known future projects and those that were already occurring in the project area. This could result in projects going ahead

in areas that were already subject to significant environmental stresses.

We made 12 recommendations, consisting of 19 actions, to address our audit findings.

We received commitment from the Ministry that it would take action to address our recommendations.

## Status of Actions Taken on Recommendations

We conducted assurance work between March 29, 2018, and September 4, 2018. We obtained written representation from the Ministry of the Environment, Conservation and Parks that effective October 31, 2018, it has provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

## Environmental Assessment Not Conducted for Many Private-Sector Projects in Ontario

### Recommendation 1

*The Ministry of the Environment and Climate Change should review and update the requirements in the Environmental Assessment Act to ensure that projects with the potential for significant negative impact are assessed, regardless of whether the project is initiated by the public or private sector.*

**Status: Little or no progress.**

### Details

We noted in our 2016 audit that Ontario's *Environmental Assessment Act* (Act) applies to all public-sector projects, but only to a small portion of private-sector projects. In Ontario, the only private-sector projects that require an environmental assessment are electricity, waste management, and large municipal infrastructure projects by private developers. Ontario is the only jurisdiction in Canada in which private-sector projects, such

as mining and chemical manufacturing, generally do not require a comprehensive environmental assessment. The Minister may designate a project to require an environmental assessment. However, since the Act came into force, of the 42 requests the Ministry had received to require an environmental assessment for private-sector projects not captured under the electricity or waste-management regulations, only seven had been granted.

Since our audit, the Ministry has not taken any steps to reform the Act. The Ministry informed us that it is waiting to review changes made by the federal government to a regulation under the *Canadian Environmental Assessment Act* that determines which projects must undergo a federal environmental assessment. The federal government began the review of the federal environmental assessment process in June 2016, and began the public consultation on regulations that determine what types of projects would require federal environmental assessments in February 2018. The federal government's new regulations are expected to be finalized in fall 2018, and the Ministry plans to report on lessons learned from the federal review by December 2018.

## Environmental Assessment Not Completed for Many Government Plans and Programs with Long-Term and Wide-Ranging Impacts

### Recommendation 2

*The Ministry of the Environment and Climate Change should review and clarify the intent of the Environmental Assessment Act (Act) regarding the types of government plans and programs that must undergo an environmental assessment.*

**Status: Little or no progress.**

#### Details

The Act applies not only to projects but also to plans and proposals related to public-sector activities. However, the Act is not specific on what types of plans or proposals must undergo an environmental

assessment. We noted in our 2016 audit that the only provincial plans to undergo assessments since the early 1990s were forest-management plans, which undergo streamlined assessments only. The International Association for Impact Assessment, the leading organization on best practices for environmental assessments, highlights the importance of assessments of plans with the potential to impact many people, such as transportation plans, expansion plans and energy plans.

At the time of our follow-up, the Ministry had not clarified which types of provincial government plans and programs must undergo an environmental assessment. The Ministry was waiting until the federal government completed its review of its environmental assessment process before considering long-term amendments to the provincial Act. The federal government proposed new legislation in February 2018. At the time of this follow-up, the Ministry had not determined when it would begin a review or reform of the provincial Act, although it noted that the Act was being considered for long-term improvements.

## Thoroughness of Environmental Assessment Not Based on Project's Environmental Risk

### Recommendation 3

*The Ministry of the Environment and Climate Change should review and revise its criteria for determining whether a comprehensive or streamlined environmental assessment is required to ensure that the thoroughness of assessment is commensurate with the project's risk and potential impact.*

**Status: Little or no progress.**

#### Details

During our 2016 audit, we noted that some of the criteria for determining whether a project would undergo a comprehensive or a streamlined assessment were based primarily on the size, scale and cost of the project. Other factors, such as level of public interest or concern, or the location of

a potential project, were not always considered. For example, a large landfill located in a remote and sparsely populated area that would therefore have little effect on human health would undergo a comprehensive assessment, but a small landfill in a heavily populated urban area would receive a streamlined assessment regardless of its potential for impact on the environment and human health.

In April 2018, the Ministry began reviewing the criteria for determining the thoroughness of assessment for the three regulated EAs that apply to electricity generation, waste management and public transit projects. The Ministry expects to complete its review by December 2018. At the time of our follow-up, the Ministry could not provide a time frame by which it expected to propose any potential changes.

Only minor changes have been made to Class EA criteria. Since our audit, the Ministry met four times between February 2017 and February 2018 with the Class EA document owners—including government ministries, municipalities and one not-for-profit organization—responsible for creating the Ministry-approved Class EA documents that outline the process for conducting streamlined assessments for projects ranging from municipal infrastructure to transportation to forest management. The Ministry requested that these Class EA document owners review their respective Class EA documents and identify potential project types that should require a more thorough or less thorough assessment based on their potential for negative environmental impacts. One Class EA was amended in October 2017 to include a new category for lower-risk projects, and two further Class EA document owners have submitted similar changes and are awaiting Ministry approval. However, the other project owners indicated that they did not believe changes to the criteria in their Class EA documents were necessary. The Ministry explained that it will work with project owners to amend their Class EA documents during their five year review process, but that the ability to make final changes resides with the document owners. These five year reviews

will occur at different dates for each Class EA, with the earliest being December 2018 and the latest being January 2022.

## Ministry Has Little Information on the Volume or Quality of Streamlined Assessments

### Recommendation 4

*To ensure that the Ministry of the Environment and Climate Change (Ministry) has an opportunity to provide input on projects undergoing streamlined assessments, it should:*

- *clearly communicate publicly the requirement to notify the Ministry of the start and completion of environmental assessments;*

**Status: Fully implemented.**

### Details

In our 2016 audit, we found that more than 95% of projects assessed in Ontario undergo streamlined environmental assessments. The project owners are generally required to inform the Ministry when starting and when completing their streamlined assessments, but we found that the Ministry was not aware of all projects. For example, the Ministry was aware of only 20% of the streamlined environmental assessments the Ministry of Transportation had completed from 2010 to 2015, and only 6% of the streamlined assessments Infrastructure Ontario had completed in that time frame.

In March 2017, the Ministry reminded Class EA document owners of their responsibility to inform regional offices of streamlined assessments. Then, by comparing the number of projects reported in an EA document owner's annual report to the assessment notices it received from the project owner during the year, the Ministry determined in June 2017 that one of the Class EA document owners had not reported all streamlined assessments it conducted in 2016. The Ministry informed us that it has conducted this exercise for five Class EA document holders so far, and plans to do so on all future annual reports received.

In May 2018, the Ministry updated its internal practices to begin tracking streamlined assessment notices, and plans to begin comparing this data to that in the annual reports submitted to the Ministry by the other Class EA project owners. By conducting this analysis, the Ministry will be able to identify projects that the owner had omitted from its annual report, as well as projects about which the project owner had not notified the appropriate regional office, and follow up on them, as they did with the one project owner in June 2017. The Ministry anticipates using the new internal tracking system to compare with Class EA document owners' annual reports in May 2019.

Also in May 2018, the Ministry implemented a new notification system with additional requirements for project owners to submit a standardized project information form through the Ministry's website. The Ministry also created regional email addresses for project owners to send their project information forms.

- *assess the appropriateness of penalties for project owners, particularly for municipalities or private-sector project owners, that do not adequately inform the Ministry at all required stages of an environmental assessment.*

**Status: In the process of being implemented by December 2018.**

#### Details

Our 2016 audit noted that if the Ministry did not know when streamlined assessments were occurring, it could not ensure that they were being completed correctly. We noted an example where the Ministry became aware of a road-widening project only after a Conservation Authority submitted a bump-up request. After becoming involved, the Ministry required the project owner to conduct a wildlife road-crossing safety plan, monitor for species-at-risk, and minimize impacts to sensitive areas by consulting with the Ministry of Natural Resources. Without the bump-up request, the Ministry would not have known about the project or been able to provide input for further studies.

The Ministry plans to conduct an analysis on the appropriateness of penalties for project owners that do not inform it at required stages of an environmental assessment through its overall review of the framework for environmental assessments, which it expects to complete in December 2018. Until then, the Ministry plans to continue to use existing tools for outreach, education and compliance.

## Oversight of Streamlined Assessments Hampered by Lack of Resources and Direction

### Recommendation 5

*To ensure that the Ministry of the Environment and Climate Change provides useful feedback on streamlined environmental assessments for higher-risk projects, it should:*

- *develop risk-based criteria to be used to determine which streamlined environmental assessments should be reviewed;*

**Status: Fully implemented.**

#### Details

We found in our 2016 audit that, of the 1,200 streamlined assessments received in the preceding five years, the Ministry was unable to determine how many had been reviewed by staff in the five regional offices. We studied a sample of these streamlined assessments and noted that regional staff had reviewed about half of them. We also found that the Ministry head office had not provided any guidelines to regional staff to ensure that the projects being reviewed had the highest risks. Instead, staff indicated that they used their judgment to determine which projects should be reviewed. We noted inconsistencies across the types of projects reviewed at the regions. For example, one region noted that it had received internal direction not to review assessments for transportation projects, whereas another noted that it generally did not review any assessments regarding the right to use Crown land. Other regions did not specify

any particular types of projects to be excluded from reviews.

In October 2017, the Ministry updated its internal guidelines to include a requirement for staff to screen assessments based on the risks posed by the project. In March 2018, the Ministry provided staff with a screening tool and procedures to follow when screening the assessments. The tool is a scoring matrix that provides a consistent method for rating a project's potential risk. Staff began using these risk-screening tools in May 2018.

- *assess its current staffing levels at all regional offices and determine the amount of resources necessary to conduct required reviews.*

**Status: Little or no progress.**

#### Details

We found in our 2016 audit that staffing levels varied at the Ministry's five regional offices. Between one and three staff were responsible for reviewing environmental assessments, and their caseload of active projects ranged from three to 20 projects per person. The Ministry had not assessed the resources needed at its various regional offices.

The Ministry has not made any changes to staffing allocations since our audit. While the Ministry regularly conducts strategic and operational planning, in which it identifies key goals and outcomes for a given year, we noted that it had not yet assessed its regional resource needs based on the number of streamlined assessment notices received. At the time of our follow-up, regional offices continued to have between one and three staff each to review streamlined assessments, with a caseload of five to 35 active projects per person. During the course of our follow-up, the Ministry indicated that it would assess the staffing resources in May 2019.

## Streamlined Assessments Not Always Done Properly

### Recommendation 6

*To ensure that streamlined assessments are conducted properly, the Ministry of the Environment and Climate Change should:*

- *consult with stakeholders to determine which areas of the streamlined assessment process require further guidance to be provided;*

**Status: Fully implemented.**

#### Details

Our review of streamlined assessment files during our 2016 audit indicated that project owners did not always complete them properly. In three-quarters of the files we reviewed, regional staff identified deficiencies, such as inadequate consultation with the public and Indigenous communities, lack of details to support the project owner's assessment of the environmental impact, and additional measures needed to mitigate the impact on the environment. Our survey of municipalities found that half of the municipalities that responded did not have the internal expertise to conduct environmental assessments, and many noted that Ministry guidance would be helpful.

In March 2017, the Ministry began consultations and asked the various Class EA project owners for feedback regarding areas where they needed further guidance. Project owners requested further guidance regarding climate change, cumulative effects, Indigenous consultations, and the bump-up request process. Project owners also requested that the Ministry update its Code of Practice for completing Class EAs.

In July 2017, the Ministry updated the information it provides to project owners to indicate what they are required to provide to the Ministry following a bump-up request. In December 2017, the Ministry also published new guidance on its website on how to incorporate the impacts of climate change in streamlined assessments. It expected to finish reviewing all of its current guidance documents

by December 2018. However, the Ministry was not able to provide an estimated time for updating these documents after the review.

- *provide clear direction to staff at the regional offices regarding their responsibilities to provide advice to stakeholders.*

**Status: Fully implemented.**

#### Details

In our 2016 audit we found that regional staff often lacked direction from the Ministry's head office in Toronto on how to complete reviews and communicate with project owners.

In our follow-up, we found that the Ministry surveyed regional staff in March 2017 about what challenges regional staff faced, gaps in their internal manual that should be addressed, how to improve communication between the regional and headquarter offices, and what types of tools would be helpful. The Ministry incorporated recommendations from this survey into the October 2017 update of its internal manual. Some changes included creating a shared file for regional staff to use, a list of commonly asked questions to help ensure consistent responses, and guidance on the various reporting requirements of the different types of streamlined assessments.

## Lengthy Ministry Reviews of Bump-Up Requests Cause Unnecessary Project Delays

### Recommendation 7

*The Ministry of the Environment and Climate Change should improve the timeliness of its process for reviewing bump-up requests to ensure that its review does not cause unnecessary delays to projects.*

**Status: Little or no progress.**

#### Details

Members of the public can request the Minister bump up the level of assessment for a project from streamlined to comprehensive. We noted in our 2016 audit that these bump-up requests must be

approved or denied by the Minister and required multiple levels of review. Bump-up reviews were targeted to be completed within 45 to 66 days. However, we noted that the average time to complete a bump-up request review between April 2010 and January 2016 was 213 days, with only eight of 177 reviews completed within the target time frame. We found that the delays caused by the levels of review resulted in increased costs and inefficiencies for project owners.

Since our audit, the average time for the Ministry to review bump-up requests has increased. Between January 2016 and June 2018, the Ministry received 73 bump-up requests. It took an average of 274 days to review each request.

The Ministry however, has taken steps to improve the bump-up process. In June 2017, the Ministry began to host formal meetings between bump-up requesters and project owners to help the two parties communicate throughout the process. At the time of this follow-up, the Ministry had hosted seven such meetings. In April 2018, the Minister delegated the responsibility for approving or denying bump-up requests to a Director, but only for projects categorized as having the lowest likelihood of having negative effects; for example, installing traffic control signs or constructing bicycle lanes on an existing road.

In February 2018, the Ministry published draft guidance on the bump-up process for public consultation on the Environmental Registry to ensure that bump-up requesters provide adequate information in their initial requests. However, due to the complexity of responses received, the Ministry does not have an expected date to finalize this guidance. In July 2018, the Ministry amended the regulation regarding bump-up requests to require that requesters use standardized forms.

The Ministry planned to update its timeline targets for reviewing bump-up requests related to municipal Class EA projects in October 2018, and to identify further recommendations for improvement based on feedback from stakeholders in December 2018. The updated timeline targets will

be longer than the current targets. The Ministry is not yet able to determine when it will be able to achieve improved timelines for reviewing bump-up requests.

## Impacts of Projects Are Assessed in Isolation

### Recommendation 8

*To ensure that the cumulative effects of projects are assessed to prevent or minimize environmental damage, the Ministry of the Environment and Climate Change should finalize its guideline for assessing the cumulative effects of projects as soon as possible. The guideline should:*

- apply to both comprehensive and streamlined environmental assessments;
- identify specific factors that must be considered when assessing cumulative effects;

**Status:** In the process of being implemented by March 2019 for comprehensive assessments. Little or no progress for streamlined assessments.

### Details

Cumulative effects are the combined impact of past, present and planned future activities in an area, including both human-initiated activities and natural processes. We noted in our 2016 audit that while the Ministry encouraged project owners to consider cumulative effects, which may result in the identification of further mitigation measures, it was not a requirement in comprehensive assessments. Streamlined assessments are also not required to assess cumulative effects, other than projects related to provincial parks and activities on Crown land. Cumulative effects assessments are required in Alberta, British Columbia, Saskatchewan, and the Northwest and Yukon territories, as well as by the federal government. At the time of our audit, the Ministry indicated that it was committed to incorporating cumulative effects assessments into the environmental assessment process, and noted that it expected to complete draft guidance

in 2017 and post it to the Environmental Registry for comments.

We found in our follow-up that, in November 2017, the Ministry developed draft guidance for assessing cumulative effects in comprehensive assessments. The Ministry expected to post the guidance document, which indicates that specific factors should be considered, to the Environmental Registry by March 2019.

The Ministry has not taken any action to develop guidance for streamlined environmental assessments. As noted under the first action item of **Recommendation 6**, Class EA project owners requested that the Ministry provide further guidance on considering cumulative effects when they were consulted in spring 2017.

- include direction for Ministry staff to ensure they weigh the cumulative impact of projects in their decision-making process.

**Status:** Little or no progress.

### Details

We found in 2016 that Ministry staff did not always consider cumulative effects in their review of projects because they were not required to. For the 20 individual environmental assessments approved in the year prior to our audit, only six of the project owners assessed cumulative effects. We also reviewed a sample of Class EAs and did not find any evidence that cumulative effects were included in the regional staff's reviews of projects.

At the time of our follow-up, the Ministry had not yet established timelines for staff training regarding cumulative effects because the guidance was still in draft form. The Ministry informed us that it will develop a plan for staff training after it finalizes its cumulative effects draft guidelines in March 2019.

## No Clear Criteria or Independent Body to Ensure Decisions about Public Requests Are Made Objectively

### Recommendation 9

To ensure that decisions regarding environmental assessments are appropriate and transparent, the Ministry of the Environment and Climate Change should:

- clarify the criteria for ministerial decision-making regarding public requests for a comprehensive assessment or a public hearing;

**Status: Little or no progress.**

### Details

In Ontario, public requests to either bump up a streamlined assessment to a comprehensive assessment or to refer an environmental assessment to a public hearing are all decided by the Minister. In our 2016 audit, we noted that the Minister denied all but one bump-up request in a five-and-a-half year period prior to our audit, and all 190 hearing requests related to four projects. We noted that the Minister's decision-making process was not based on any objective criteria, but rather on subjective measures such as whether the request had "merit and substance," if it was "being pursued to delay the implementation of the project," or whether the hearing would "be a wise use of resources."

Since our audit, the Ministry has not developed any objective criteria to ensure that the Minister's decisions to deny or approve bump-up requests or refer a project to a public hearing are transparent. The Ministry has created guidance for citizens who wish to issue a bump-up request, and has updated the table given to project owners stating the type of information they need to provide that will be used in the Minister's decision-making process. We noted, however, the criteria used to make the decision has not changed since our 2016 audit. The Ministry has indicated that this would require legislative changes to the Act, and that only after completing a review of its environmental assess-

ment Codes of Practice in December 2018 will it be able to determine what changes are required.

- assess whether to appoint an independent body to provide objective advice on project-specific and systemic issues as needed, especially for projects considered to significantly impact the environment.

**Status: In the process of being implemented by December 2018.**

### Details

In our 2016 audit, we found that the Environmental Assessment Advisory Panel noted in its 2005 review of the environmental assessment program that it had concerns about the lack of an independent advisory body. From 1983 to 1995, an arms-length advisory body called the Environmental Assessment Advisory Committee provided independent advice to the Minister on contentious projects and, in general, on environmental assessment areas in need of reform. In 1996, this committee was disbanded, and the Environmental Assessment Board was created. In 2000, the board was renamed the Environment Review Tribunal and gained jurisdiction over other environmental acts. Its independent board chair was replaced with a provincial public servant. The Minister has only referred two projects since 1998 to the Environmental Review Tribunal, which mostly reviews other types of environmental approvals.

Since our audit, the Ministry has received over 630 requests for two environmental assessments to be referred to the Environmental Review Tribunal. However, neither project was referred to it.

In August 2018, the Ministry informed us that it planned, by December 2018, to analyze situations in other jurisdictions where independent bodies provided objective advice.

## Public Not Fully Informed about Projects

### Recommendation 10

*To enable the public to fully participate in the environmental assessment process, the Ministry of the Environment and Climate Change should update its website so that the public has access to all relevant information, including the status, for all environmental assessments.*

**Status: Little or no progress.**

### Details

At the time of our 2016 audit, we noted that the lack of a centralized online database of streamlined assessments made it difficult for the public to remain fully informed. Instead of an online system, the public was notified through direct mail and notices in local newspapers. Comprehensive assessment information on the Ministry website was also limited. If the public wished to see detailed information, they had to make a formal request for it at the Ministry's head office in Toronto. The Ministry's website did not have information on how to complete such requests.

After our audit, the Ministry consulted with the Class EA project owners in March 2017 on how best to inform the public about streamlined assessments. One project owner, the Ministry of Natural Resources and Forestry, committed to posting all notices of streamlined assessments on its public website by 2019. Since our audit, no other project owners have begun publishing streamlined assessment information on their websites.

The Ministry is still determining internally how best to show this information to the public. Through consultation, the Ministry identified that the Environmental Registry would be the best platform for an online database. The Environmental Registry is currently undergoing updates, which will "go live" in March 2019. The Ministry informed us that after these are initiated, it would then require more time to finalize its plan on how to include a database of environmental assessments onto the updated Environmental Registry.

## No Way of Knowing if Assessments Were Effective

### Recommendation 11

*To assess the effectiveness of environmental assessments, the Ministry of the Environment and Climate Change should ensure that it:*

- *receives and analyzes information about the actual impact of all assessed projects in the project stages that follow the environmental assessment;*
- *compares project impact information with the impacts described in the environmental assessment and follows up on any significant discrepancies.*

**Status: Little or no progress.**

### Details

When we did our audit in 2016, the Ministry did not have measures in place to assess whether or not environmental assessments had been successful in preventing or mitigating negative environmental impacts of projects. While the Ministry's environmental field inspectors were responsible for enforcing the Act, they did not regularly inspect project sites to determine that commitments made by project owners in environmental assessments were completed. In the five years leading up to our audit, the Ministry only inspected one project that had undergone a comprehensive assessment and none that had undergone a streamlined assessment.

We also found that comprehensive assessment project owners, who are all required to submit information on the impact of their projects on the environment, were not doing so consistently. For example, we found that the project owner of a landfill expansion approved in 2010 did not submit any annual reports for four years. When the reports were submitted, they showed that the project owner had only taken one-third of the required water samples.

Our follow-up found that, in fall 2017, the Ministry created a work plan to review in order to determine whether there is a gap in the Ministry's

compliance strategy. The Ministry plans to review the linkages between environmental assessments and environmental approvals (those required under the *Environmental Protection Act* if anyone wishes to discharge contaminants into the natural environment) to identify gaps between the processes and propose steps to address them. The Ministry plans to also examine its current compliance monitoring program and environmental assessment audit program to determine areas where improvements can be made. The Ministry anticipates that these reviews and the gap analysis, which it had not begun at the time of our follow-up, will be completed in December 2018. At the time of our follow-up, the Ministry could not provide a time frame by which it expects to implement changes to its processes to ensure that it receives appropriate information to determine project impacts.

## Assessments Are Costly and Time-Consuming but Ministry Lacks Performance Measures against Which to Evaluate Their Results

### Recommendation 12

*To assess the effectiveness of environmental assessments, the Ministry of the Environment and Climate Change should develop measurable performance indicators against which it can evaluate its delivery of the environmental assessment program.*

**Status: Little or no progress.**

### Details

To be completed, environmental assessments require significant resources in terms of time, money and effort. Despite this, our 2016 audit

found that the Ministry did not track and report on performance measures to ensure the process was efficient and resulted in improved environmental planning. In contrast, we found that British Columbia's Environmental Assessment Office tracked and reported on how many projects were completed within their legislated timeline, how many compliance inspections were completed, and the percentage of compliance reports that staff reviewed within six weeks. We also noted that the Canadian Environmental Assessment Agency tracked and reported on the percentage of environmental assessments completed within their legislated timelines, and the percentage of projects where measures were effective at mitigating environmental impacts.

Our follow-up found that, in fall 2017, the Ministry began reviewing potential performance measures, including reviewing case studies in other jurisdictions and determining its short-, medium- and long-term goals for the program. This review resulted in its developing priority performance measures for the program, which were circulated in spring 2018. The measures include looking at the percentage of projects that had deficiencies in the first submission, percentage of projects that included adequate consultation, percentage of projects completed in compliance with their commitments and conditions of approval, and timeliness of completing environmental assessment reviews. The Ministry expects to complete a feasibility analysis of these performance measures by December 2018, but could not provide us with a date by which it expects to implement them.

# Chapter 1

## Section 1.07

Ministry of Health and Long-Term Care

# Housing and Supportive Services for People with Mental Health Issues (Community-Based)

Follow-Up on VFM Section 3.07, 2016 Annual Report

| RECOMMENDATION STATUS OVERVIEW |                          |                               |                                 |                       |                         |                      |
|--------------------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                                | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|                                |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1               | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 2               | 2                        |                               |                                 | 2                     |                         |                      |
| Recommendation 3               | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 4               | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 5               | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 6               | 5                        |                               | 1                               | 4                     |                         |                      |
| Recommendation 7               | 6                        |                               | 3                               | 3                     |                         |                      |
| Recommendation 8               | 2                        |                               | 1                               | 1                     |                         |                      |
| Recommendation 9               | 4                        |                               | 1                               | 3                     |                         |                      |
| Recommendation 10              | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 11              | 5                        |                               | 5                               |                       |                         |                      |
| Recommendation 12              | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 13              | 3                        |                               | 2                               | 1                     |                         |                      |
| Recommendation 14              | 1                        | 1                             |                                 |                       |                         |                      |
| <b>Total</b>                   | <b>34</b>                | <b>1</b>                      | <b>15</b>                       | <b>18</b>             | <b>0</b>                | <b>0</b>             |
| <b>%</b>                       | <b>100</b>               | <b>3</b>                      | <b>44</b>                       | <b>53</b>             | <b>0</b>                | <b>0</b>             |

## Overall Conclusion

As of October 31, 2018, the Ministry of Health and Long-Term Care (Ministry) and the Local Health Integration Networks (LHINs) have fully implemented only one recommendation. This recommendation relates to actions taken to help identify and share best practices in supportive housing.

The Ministry and the LHINs have made progress in implementing 44% of the recommended actions. For instance, the Ministry has released a supportive housing policy framework and is working on a plan to phase it in. As well, the Ministry was working toward having additional housing units in place based on the funding announcements that it had made in recent years. Further, the Ministry was working toward establishing core service guidelines and standards of care guidelines following the Mental Health and Addictions Leadership Advisory Council's recommendations.

There has been little or no progress on 53% of the recommended actions. For example, the Ministry was in the process of rolling out a new business system to collect more information, such as vacancy rates, unit/building accessibility, and subsidy costs associated with tenant rents for analysis and monitoring purposes. But the Ministry has not yet determined how the system can be used to report additional information. Such information includes complaints by housing providers; cost and service data on the types of support services provided to clients living in mental health supportive housing; and confirmation that housing providers have checked clients' mental illness diagnosis prior to putting their names on the wait list.

As well, the Ministry has done little to develop strategies and processes to transition individuals who no longer require supportive housing to other forms of housing. Further, the Ministry has not yet analyzed the costs of housing clients under each of the housing programs in the short and long term. Finally, the Ministry is not yet conducting routine

site visits to the supportive housing properties it funds.

The Ministry indicated that the change in government has required new policy development to align with the articulated priorities and funding commitments of the new government. Though the Ministry has continued to move forward on foundational work, implementation of a new policy framework and investments has been extended during this transition.

The Ministry is currently seeking policy approval for multi-year mental-health and addictions initiatives tied to the \$3.8-billion provincial and federal commitment to build a comprehensive mental-health and addictions system. The Ministry expects that these initiatives, once implemented, will address a number of our recommendations.

The status of actions taken on each of our recommendations is described in this report.

## Background

Under four supportive housing programs funded by the Ministry of Health and Long-Term Care (Ministry), the Ontario Government subsidizes 13,140 housing units (12,300 at the time of our 2016 audit) and funds support services to individuals with serious mental illness who have housing needs.

The programs are delivered by mental health housing and support services agencies that contract with the Ministry and/or the Local Health Integration Networks (LHINs) that have a mandate to plan, fund and integrate health services, including mental health services, in 14 geographic areas within Ontario.

Supportive housing includes two components—housing and support services. The Ministry funds and monitors housing, while the LHINs fund and monitor support services. Support services are provided to help housing clients cope with their mental illness and stay housed. They may include case

management, counselling and vocational supports. Housing agencies deliver these services to their clients either on their own or in partnership with other mental health agencies.

Our audit in 2016 found that the Ministry, the LHINs and service providers did not have adequate information, systems and procedures in place to cost effectively oversee, co-ordinate and deliver housing with support services to people with mental illness. They also did not sufficiently measure and publicly report on the effectiveness of Ontario's mental health supportive housing programs.

Consistent with concerns our Office raised in previous audits of community mental health in 2002 and 2008, and our subsequent follow-up on the latter audit in 2010, we continued to find that the Ministry did not have consolidated information on the demand for mental health supportive housing in the province, did not assess the cost-effectiveness of the four mental health housing programs, and did not measure the outcomes of individuals housed.

The following are some of our significant observations:

- The Ministry and three other ministries (the Ministry of Housing, the Ministry of Children and Youth Services, and the Ministry of Community and Social Services—the latter two have since merged and are now known as the Ministry of Children, Community and Social Services) together operate 14 housing programs in Ontario. At the time of our audit, the four ministries were working on a supportive housing framework to guide better alignment of existing and/or planned housing initiatives; they intended to release it publicly by early 2017.
- Not all LHINs had regional wait lists, and the Ministry did not require housing agencies to maintain wait lists. Without a clear picture of the need for mental health supportive housing in each LHIN region, the Ministry could not effectively plan for the allocation of housing stock in the province.
- People who were ready to be discharged from hospitals but had nowhere to go did not get priority over others in accessing mental health supportive housing, even though the cost of a hospital bed can be as much as nine times the cost of providing supportive housing. Also, those with a higher level of needs, such as 24/7 care including meal preparation or medication management, had difficulty getting into the first available housing because not all units were structured to allow for such levels of care. Individuals with mobility issues also tended to have longer waits because some units were not outfitted to accommodate their needs. Meanwhile, shared units remained vacant for up to 39 months because clients usually preferred not to share a unit. The Ministry did not know how many shared units it funds in Ontario.
- The Ministry had not provided any direction to agencies to guide transitioning efforts. Clients living in Ministry-funded supportive housing considered their house or unit their permanent home. But some supportive housing clients no longer needed or wanted support services. This practice contradicted the principle of supportive housing, which includes an element of support services.
- The Ministry indicated that tenants have the right to security of tenure under the *Residential Tenancies Act, 2006*, and held the view that mental health supportive housing was a permanent home. This has created a backlog in accessing available housing. There was no certainty on when occupied units would become available. Wait times to access mental health supportive housing could be up to seven years in the regions we visited.
- The Ministry committed to updating two older housing programs (Homes for Special Care and Habitat Services) whose program model no longer followed best practices. Twenty percent of the units in Ontario's mental health supportive housing were in

these two older programs that were created decades ago, primarily provided only room and board and were custodial in nature with no significant rehabilitative support services. At the time of our audit, the Ministry was beginning to review one program, and had allowed changes to the other.

- The Ministry paid just over \$100 million in 2015/16 to housing agencies to operate over 12,300 housing units in Ontario, but did not appropriately monitor whether agencies verified tenants' income levels. As well, the Ministry did not require housing agencies to conduct building-condition audits, which would have informed both the agency and the Ministry if the capital reserve was in an unfunded liability position (meaning that the agencies lacked the reserve funds to pay for needed major repairs and renovations).
- LHINs did not know whether agencies provided various support services, whether all housing clients received support services, and whether clients living in one area of the province received comparable service hours to clients with similar needs living in another area. LHINs gave agencies full discretion to deliver to their housing clients whatever support services they deemed proper and at whatever frequency and level of service.
- The Ministry did not collect information on housing clients to determine whether they ultimately lived independently and achieved recovery. The Ministry collected output-based information, such as how many units were occupied, but did not collect outcome data, such as whether clients' visits to hospitals or encounters with the justice system had decreased, or whether their ability to function had improved.

We made 14 recommendations, consisting of 34 actions, to address our audit findings.

We received commitment from the Ministry and the LHINs that they would take action to address our recommendations.

## Status of Actions Taken on Recommendations

We conducted assurance work between April 1, 2018, and June 6, 2018. We obtained written representation from the Ministry of Health and Long-Term Care (Ministry) and the three Local Health Integration Networks (LHINs—North West, Toronto Central, and Waterloo Wellington) that, effective October 31, 2018, they had provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

### Demand for Mental Health Supportive Housing Not Fully Known and Wait Lists Not Well Managed

#### Recommendation 1

*To help identify data needed to plan for mental health supportive housing in Ontario such that people with mental illness can recover and live independently, the Ministry of Health and Long-Term Care (Ministry) should develop an implementation plan for its housing policy framework. This policy framework should define the Ministry's and the Local Health Integration Networks' (LHINs') roles; set measurable goals and program priorities; define the types of data that the Ministry and the LHINs need to collect, measure and analyze; assess risks and options to manage the risks; determine the resources required; and measure the impact of the Ministry's contribution to mental health supportive housing.*

**Status:** In the process of being implemented by December 2019.

#### Details

In our 2016 audit, we reported that the Ministry did not have a housing policy framework. But we acknowledged that in 2011 it had started working with three other ministries that also operate supportive housing programs to improve housing programs in Ontario. The other three ministries were

the Ministry of Housing, the Ministry of Community and Social Services, and the Ministry of Children and Youth Services. This internal framework was approved by the deputy ministers from all four ministries in August 2015 and was intended to help develop a public framework, planned for release by early 2017.

At the time of our follow-up, the Ministry informed us that the Ontario Supportive Housing Policy Framework was released in March 2017. This policy framework identified measurable goals for mental health supportive housing that the Ministry can include in the Mental Health and Addictions Strategy. As well, the policy framework outlines various entities involved in supportive housing, including LHINs and social housing service managers. In addition, the Ministry indicated that it continues to assess risks of all its programs, including supportive housing, on an annual basis. Further, it noted that the policy framework and the planning that will be undertaken as part of the Mental Health and Addictions Strategy will guide future resources.

The Ministry also released the Ontario Supportive Housing Best Practice Guide in 2017 that aims to improve the quality of programs and increase accountability.

The Ministry informed us that further work is required to develop a specific supportive housing policy that would include all of the Ministry's supportive housing and support services in the following client categories: mental health and addictions; frail/elderly; physically disabled; acquired brain injuries; and HIV/AIDS.

At the time of our follow-up, the Ministry was still developing a plan but did not have a timeline for completing this work.

In terms of defining the types of data that the Ministry and the LHINs need to collect, in the 2017/18 fiscal year, the Ministry invested in a new supportive housing business system to replace a 20-year-old system. It expects to make further investments in the new system in 2018/19. The Ministry expects to introduce this new system

in October 2018. It can collect data on vacancy rates, unit/building accessibility, verification of tenant income, subsidy costs associated with tenant rents, utilities, vacancy losses, extraordinary expenses, as well as operating and mortgage costs for dedicated supportive housing. The Ministry also expects that it can use the new system to enhance oversight and accountability of funding for the housing component of supportive housing, and view progress in meeting the outcomes identified in the policy framework and other outcomes that the Ministry might identify as it finalizes its supportive housing plans.

### Recommendation 2

*To sufficiently understand the demand for mental health supportive housing for the purposes of short-term and long-term planning, the Ministry of Health and Long-Term Care should:*

- *work with Local Health Integration Networks that do not have a central wait list to establish one, adopting existing wait-list technology and best practices from LHINs that have wait-list systems;*

**Status: Little or no progress.**

### Details

We reported in 2016 that the use of regional wait lists was not common across all 14 LHINs. The process to access housing varied because not all regions had a single, centralized regional wait list for mental health supportive housing. The Ministry did not require housing agencies located in the same LHIN region to draw up a centralized wait list to help place individuals living in the same region, similar to the process for placing clients in long-term-care homes. As of March 31, 2016, of the 14 LHINs across the province, five had regional wait lists for mental health supportive housing. As well, we noted that two of the three LHINs we visited in that audit had a regional wait list, and one did not.

At the time of our follow-up, the LHIN that did not have a regional wait list when we visited

it in 2016 launched a centralized online client referral system in 2017 for housing and mental health services in one part of the region to help co-ordinate access.

On a provincial level, as a result of inter-ministerial work, two resources—a template for a local supportive housing resource guide and an overview of centralized access models for supportive housing—were developed to help communities co-ordinate access and build awareness of supportive housing. However, there is still considerable work to be done to establish central wait lists across all LHIN regions.

- *collect overall information on wait lists and wait times by region on a regular basis to inform provincial planning decisions.*

**Status: Little or no progress.**

#### Details

We noted in 2016 that the Ministry had no consolidated province-wide data on people waiting to access mental health supportive housing, and did not collect local wait information from agencies or regional wait information. Some agencies had chosen to collect wait information in collaboration with other agencies in the same geographic area through a centralized or streamlined access process; some had chosen to track wait information on their own; and some had chosen to not maintain any wait information at all. As a result, the overall demand for mental health supportive housing was not readily known.

At the time of our follow-up, one of the LHINs we visited in our 2016 audit was developing a supportive housing needs assessment for its catchment area, which the Ministry expects to receive in December 2018. As well, the Ministry was exploring how it can collect data on wait lists and wait times by region in its new supportive housing business system (described in **Recommendation 1**). This system is scheduled to be in place in October 2018.

### Recommendation 3

*To reduce costs in the health-care system and other public services and better serve clients with mental health issues and housing needs, the Ministry of Health and Long-Term Care should evaluate whether certain clients, such as those waiting in hospitals or those who are homeless, should get priority to access housing, and provide direction to housing agencies on its decision.*

**Status: Little or no progress.**

#### Details

In our 2016 audit, mental health patients were not prioritized to access mental health supportive housing, except in limited circumstances in one of the three regions we visited.

At the time of this follow-up, the Ministry was exploring opportunities to research supportive housing for alternate-levels-of-care (ALC) clients with mental illness and/or addictions. ALC is a measure of how often a patient who could be treated elsewhere occupies a hospital bed. In May 2018, it confirmed its support of a research study application for the evaluation of transitions to supportive housing for such clients. The Ministry will also participate on a steering committee that guides this work. As well, in 2017/18, the Ministry invested funds to provide about 200 new supportive housing units to ALC high-risk seniors as part of its ALC Strategy. Some of these units included tenants with mental health and addiction issues.

### Recommendation 4

*To ensure that people with high needs or mobility issues are not subject to an unfair disadvantage of having to wait even longer than other clients for housing, the Ministry of Health and Long-Term Care should have sufficient housing stock to accommodate their needs.*

**Status: Little or no progress.**

#### Details

In February 2017, the Ministry announced that it would invest in 1,150 supportive housing units.

By March 31, 2018, it had increased the province's supportive housing capacity by 592 units from this investment. In addition, in March 2018, under the previous government the Office of the Premier made a commitment to create an additional 2,475 supportive housing units by March 2022. As part of the planning and implementation of this new investment, the Ministry will consider how this new stock can accommodate people with high needs or mobility issues. The Ministry said that with the change in provincial government and its new investment plan in mental health funding, this action plan may be re-evaluated. The Ministry also indicated that its new supportive housing business system (described in **Recommendation 1**) will collect data on and track the number of accessible units.

### Recommendation 5

*To ensure that only clients with demonstrated needs are provided access to mental health supportive housing and that wait lists provide an accurate picture of need in the province for planning purposes, the Ministry of Health and Long-Term Care should require the housing provider or wait-list administrator to confirm clients' mental illness diagnosis before putting their names on the wait list, and clients' suitability to remain on a wait list on an ongoing basis.*

**Status: Little or no progress.**

#### Details

In our 2016 audit, we reported that potential housing clients do not need to prove that they have a mental illness to be on a wait list. None of the wait lists examined—either regional or at individual agencies—require a potential client to provide medical proof that they have a mental illness diagnosis before putting their name on the list.

At the time of this follow-up, the Ministry informed us that it was exploring options to collect data in the new supportive housing business system (described in **Recommendation 1**) being developed that would have agencies confirm that individual assessments have been conducted.

## Continuum of Housing and Transitional Services Framework Not in Place in Ontario

### Recommendation 6

*To ensure the limited supply of supportive housing is provided to mental health clients who can derive the most benefit from their residency, the Ministry of Health and Long-Term Care should:*

- *collect data to determine how many housing units that it funds are occupied by individuals who no longer receive or require mental health support services;*

**Status: Little or no progress.**

#### Details

In our 2016 audit, we reported that one reason for the long wait time for mental health supportive housing in Ontario is that clients who are already housed can stay in these housing units indefinitely because the Ministry funds these homes as permanent housing. Even when clients no longer require support services, they can still stay in the mental health supportive housing.

At the time of this follow-up, the Ministry informed us that it was exploring options to determine how this information could be reported in the new supportive housing business system (described in **Recommendation 1**) that was being developed.

- *working with housing agencies, determine the profile of clients who are suitable to be transitioned to other forms of housing and develop a transition plan for these clients;*

**Status: Little or no progress.**

#### Details

We reported in our audit that although the Ministry considers the Province's mental health housing to be permanent and long term, it acknowledges that transitional housing deserves consideration. However, neither the Ministry nor the LHINs have given guidance to housing agencies to provide

transitional services to clients or to dedicate part of the housing stock as transitional units.

At the time of this follow-up, the Ministry informed us that it would do further work to determine how it would identify clients who may be suitable to be transitioned to other forms of housing, keeping in mind that supportive housing is considered permanent housing and that tenants in supportive housing are protected by the *Residential Tenancies Act, 2006*. The Ministry also noted that it plans to initiate work with housing partners to identify suitability of clients for transition to other forms of housing, in January 2019.

- *assess the merits of a housing continuum that offers a mix of time-limited and permanent housing;*  
**Status: In the process of being implemented by December 2019.**

#### Details

As noted above, in our 2016 audit, neither the Ministry nor the LHINs had given guidance to housing agencies to provide transitional services to clients or to dedicate part of the housing stock as transitional units.

At the time of this follow-up, the Ministry informed us that in the fall of 2016, the Ministry of Housing held consultations regarding developing a legislative framework for transitional housing under the *Residential Tenancies Act, 2006*. This consultation was intended to provide legal direction on the future of transitional, time-limited housing, but did not result in an assessment on the merits of a housing continuum. The Ministry informed us that there are challenges with creating a housing continuum with limited stock and that ultimately transitional housing becomes permanent. In May 2017, the *Rental Fairness Act, 2017*, which proposed extending the time that defines transitional/time-limited housing from less than a year to not more than four years, received royal assent. This Act will come into effect at a later date. Based on these changes, the Ministry will assess the merits of a

housing continuum that offers a mix of time-limited and permanent housing, by December 2019.

- *identify alternative settings that can be used to house individuals who no longer require support services;*  
**Status: Little or no progress.**

#### Details

At the time of this follow-up, the Ministry reported that it continues to collaborate with other partners, including other ministries, to explore alternative settings for people who no longer require support services. It added that further work with housing partners is required to identify alternative settings for clients who are suitable to transition to other forms of housing.

- *develop strategies and processes to transition individuals who no longer require supportive housing to other forms of housing.*  
**Status: Little or no progress.**

#### Details

At the time of this follow-up, the Ministry reported that further work with housing partners is required to develop strategies and processes for clients who are suitable to transition to other forms of housing.

## Supply of Housing Stock Not Evaluated for Adequacy, Distribution and Cost-Effectiveness

### Recommendation 7

*To ensure the limited resources available are allocated across the province to meet the housing needs of those with mental illness, the Ministry of Health and Long-Term Care should:*

- *collect data on the demand for mental health housing and establish a goal for the number of mental health supportive housing units the province should have, along with timelines;*  
**Status: Little or no progress.**

### Details

We reported in 2016 that the Ministry had not set any goals for how many units of supportive housing Ontario needs or will need in the future. This meant it was not possible to determine whether the existing housing supply was being used effectively. In addition, Ontario's 12,365 units of mental health supportive housing across the province's 14 LHIN health regions were not planned with regard to areas with the most need because the Ministry did not have complete information on housing demand.

At the time of our follow-up, the Ministry informed us that it was exploring the possibility of capturing data that may help to create goals for the number of mental health supportive housing units based on demand in the province.

- *forecast the expected costs to house clients under each of the housing programs in the short and long term;*

**Status: Little or no progress.**

### Details

In our 2016 audit, we reported that in the last 10 years ending in March 31, 2016, the Ministry had invested \$37.1 million, or 36% of its spending in mental health supportive housing, to rent supplement units. While rent supplement may be the least expensive option in the short term, the Ministry did not evaluate the merits of other housing programs in the long term. For example, dedicated housing builds permanent assets for the Province's supportive housing program. This allows for greater flexibility to provide varying levels of supports and to appropriately structure the living environment for tenants.

During our follow-up, the Ministry informed us it is exploring options as it develops a new supportive housing business system (described in **Recommendation 1**) to collect data on the costs for funding the various housing programs that could assist in forecasting short- and long-term costs. The Ministry will also initiate a review of the costs of

programs it funds and develop a strategy to address expiring operating agreements.

- *determine and use the most cost-effective approach to house individuals with mental health and housing needs when making additional future investments in this area;*

**Status: Little or no progress.**

### Details

In our 2016 audit, the Ministry had not determined which of the four housing programs—Homes for Special Care, Habitat Services, rent supplements, and dedicated housing—was the most cost-effective in the long run to house clients with mental illness. At the time of this follow-up, the Ministry informed us that it will initiate a review of the costs of programs it funds.

- *work with Local Health Integration Networks to identify opportunities to redistribute resources among themselves to provide housing to areas with the greatest needs, considering the mix of self-contained and shared units in its housing stock;*

**Status: In the process of being implemented by March 2022.**

### Details

In our 2016 audit, we reported that nine mental health housing units on average were available for every 10,000 people across the province as of March 2016; however, almost two-thirds of the province's 14 LHINs had fewer than nine units per 10,000 people. The disparity in the distribution of housing supply had contributed to differing wait times for mental health supportive housing across the province.

In March 2018, the Office of the Premier announced 2,475 new supportive housing units beginning in 2018/19 over the course of four years. The Ministry now allocates new investments to the LHINs considering such factors as the prevalence of mental health and addictions in the population, the prevalence of homelessness and other

socio-demographic variables, and the current amount of supportive housing available.

In turn, LHINs determine which agencies will deliver the rent supplement units, and which agencies will provide the associated supports. For instance, in 2017/18, one LHIN we visited in the 2016 audit reported that it completed an expression of interest for mental health and addiction supportive housing, which resulted in five agencies being awarded funding for 68 new supportive housing units. This LHIN had proposed a further 72 units in 2018/19 to the Ministry and was awaiting final approval.

- *review input from the Mental Health and Addictions Leadership Advisory Council on ways to expand the province's stock of supportive housing, and determine actions required in an expeditious manner;*

**Status: In the process of being implemented by March 2022.**

#### Details

In 2014, the government created the Mental Health and Addictions Leadership Advisory Council (Council). At the time of this follow-up, the Ministry informed us it has reviewed the Council's recommendations. As part of those recommendations, the Ministry announced in February 2017 that it will invest an additional \$20 million in 2017/18 and 2018/19 to fund an additional 1,150 units. Similarly, in October 2017, the Ministry introduced a new forensic mental health rent supplement program to fund 192 units over three years. Finally, in March 2018, the Office of the Premier announced that it would create an additional 2,475 supportive housing units over four years beginning in 2018/19. The Ministry said that with the change in provincial government and its new investment plan in mental health funding, this action plan may be re-evaluated.

- *expedite plans to transform the Homes for Special Care and initiate a review to transform the Habitat Services program.*

**Status: In the process of being implemented by January 2020.**

#### Details

In our 2016 audit, we reported that the Ministry had begun transforming the Homes for Special Care program and had allowed changes made by Habitat Services through a pilot project. These forms of housing were developed decades ago so are not required to provide support services and do not necessarily follow current best practices of supportive housing.

At the time of this follow-up, the Ministry informed us that it has begun in 2018 to modernize the Homes for Special Care program, starting with southwestern Ontario, where about one-quarter of the homes in the province are located. This work involves transitioning the accountability from hospitals to supportive housing providers, which can better provide Homes for Special Care clients the supports that they need. As of September 2018, all of the homes in southwestern Ontario have signed agreements with community mental health housing programs to operate under a new program called Community Homes for Opportunity. The new program supports independence and recovery, and is better aligned with the Ontario Supportive Housing Policy Framework.

For the Habitat Services program, the Ministry in December 2016 had notified partners of the program—the City of Toronto and Habitat Services—of its intent to explore options to modernize the program, beginning in January 2020. The Ministry said that with the change in provincial government and its new investment plan in mental health funding, this action plan may be re-evaluated.

## Limited Ministry Oversight of Housing Programs

### Recommendation 8

*To improve efficiency in monitoring and decision-making, and to ensure housing vacancies are minimized, the Ministry of Health and Long-Term Care should:*

- *require housing agencies to report vacancy rates and the reasons for vacancies;*

**Status: In the process of being implemented by March 2020.**

#### Details

In our 2016 audit, we reported that the Ministry did not generally require agencies to report the reasons for their vacancies and only did so in limited circumstances. Yet without knowing why a unit is vacant for longer than expected, the Ministry cannot ensure that the limited available units are put in use on a timely basis to serve people with mental health and housing needs.

At the time of this follow-up, the Ministry was assessing its transfer payment agencies' reporting requirements and how vacancy rates were being reported. As well, the Ministry's planned supportive housing business system may be able to capture vacancy rates. The Ministry expects to confirm this once it has finalized the system design sessions that relate to vacancy rates and vacancy reasons by March 2020.

- *compare vacancy information reported between agencies and between regions, and analyze this information from year to year.*

**Status: Little or no progress.**

#### Details

In our 2016 audit, we reported that while the Ministry required agencies to report the duration of occupancy and vacancy in months, it had to manually calculate each agency's vacancy rate and compare it against the 5% standard. The Ministry also did not compare vacancy rates among agencies

or across health regions. As a result, the Ministry did not know the number and percentage of agencies with vacancies over 5%, the range of vacancy rates between agencies and between regions, and the year-over-year comparison at the regional and provincial level. Without this data, the Ministry was limited in its analysis of vacancies and could not know whether there was improvement or decline in how vacancies were managed. This information would also assist the Ministry in its decisions on new funding for agencies.

At the time of this follow-up, the Ministry informed us that it is exploring whether the new system can collect vacancy information that can be compared between agencies and between regions.

### Recommendation 9

*To ensure that housing agencies receive appropriate resources to operate the mental health supportive housing program, the Ministry of Health and Long-Term Care should:*

- *assess if increases to rent supplement subsidies are in line with legally allowed rent increases;*

**Status: In the process of being implemented by March 2020.**

#### Details

In our 2016 audit, we reported that the Ministry subsidized agencies using rent factors based on the lower end of market rent, an amount established by the Canada Mortgage and Housing Corporation. It did not adjust the subsidy according to the annual rent increases announced by the Province's Landlord and Tenant Board (Board). Private landlords had the right to adjust their rent upward as allowed by the Board, so agencies administering the rent supplement program had to find efficiencies within their operations to finance the difference. Agencies also told us that finding private landlords who were willing to rent at the lower end of the market could be challenging.

At the time of this follow-up, the Ministry reported that it was assessing the process currently

used to evaluate housing provider budgets to ensure these are consistent with annual rent increase guidelines. In addition, the Ministry expects to use the new supportive housing business system to put in place system checks—for instance, reference Ontario Rent Control Guidelines—to monitor increases to rent. The new supportive housing business system is scheduled to go live in October 2018.

- *verify, on a sample basis, whether housing agencies have performed the required client income verifications, and adjust the client subsidy payment accordingly;*

**Status: Little or no progress.**

#### Details

In our 2016 audit, we reported that the Ministry relied on the agencies to regularly verify their tenants' income and inform it if any changes should be made to the payment. However, the Ministry did not independently check whether agencies performed this verification. At six of the seven agencies we had visited, we identified instances where income was not being verified once a year. As a result, the risk existed that the Ministry's subsidy payments to agencies may not be in all cases appropriately geared to tenants' ability to pay their rent, and tenants may be paying more or less rent than they should.

At the time of this follow-up, the Ministry informed us that it was exploring opportunities for agencies to report or confirm whether income verifications are conducted.

- *specify to housing agencies the frequency of building-condition audits required; based on the results, work with the housing agencies to determine the appropriate action—for example, dispose of older assets in need of repair and replace these with updated safer units, or adjust payments to the capital reserves accordingly;*

**Status: Little or no progress.**

#### Details

We reported in our 2016 audit that the Ministry expected housing agencies to conduct building-condition audits on their own dedicated housing units, but did not formally require them to do so. The Ministry also did not specify how often these audits have to be completed and did not track which agencies had completed building-condition audits. Six of the seven agencies we visited owned properties, but only three had completed a building-condition audit in accordance with the Ministry's expectation.

The Ministry informed us during our follow-up that because the buildings are not owned by the Ministry, it cannot compel housing providers to conduct building-condition audits on their properties. The Ministry indicated that it will continue to explore options to address this recommendation and will develop plans to enhance its efforts for on-site inspection visits to ensure units are appropriately maintained.

- *perform routine site inspection visits to mental health supportive housing properties to assess if agencies are complying with the terms of their agreements; specifically, if agencies maintain properties in a good state of repair and cleanliness fit for occupancy.*

**Status: Little or no progress.**

#### Details

In our 2016 audit, we reported that although the Ministry had visited housing agencies, it did not formally inspect any properties, hampering the Ministry's ability to determine if agencies were complying with the terms of their agreement—specifically, if agencies maintain units in a good state of repair and cleanliness fit for occupancy.

At the time of this follow-up, the Ministry reported that it will develop an approach that reflects the Supportive Housing Policy Framework priority of providing safe and affordable housing to tenants. The Ministry does not have direct oversight on safety issues such as fire codes, as this is the responsibility of municipalities; however, the

Ministry will consider options to improve reporting on these matters.

### Recommendation 10

*To ensure appropriate oversight of agencies whose operating agreements have expired or will soon expire, and to confirm that the agencies still provide housing services to people with mental illness, the Ministry of Health and Long-Term Care should require agencies, regardless of the status of their operating agreements, to continue to report data on occupancy and vacancy, number of units used to house individuals with mental health issues, and financial information such as rent revenue and operating costs of units.*

**Status: Little or no progress.**

#### Details

In 2016, we reported that each agency that operated dedicated housing had an operating agreement with the Ministry that was tied to the mortgage payment schedule and that set out the obligations of the agency. The operating agreements expire once the mortgages are fully paid. Without an operating agreement, agencies can continue to receive rent from tenants but would no longer receive funding from the Ministry.

As of March 31, 2016, just over 6% of the dedicated mental health housing properties had operating agreements that had expired, and just over 8% had operating agreements that were scheduled to expire in the next three years. By 2033, all mortgages will be paid off. As well, even though these agencies could still use the properties purchased using government funding to house tenants with mental illness, the agencies would no longer be required to report any information on the units, such as number of units used to house people with mental health issues, duration of occupancy and vacancy, and financial information. Without this information, the Ministry cannot monitor these housing units, even though they were purchased with public funding.

During our follow-up, the Ministry reported it is in discussion with its partner ministries, such as the Ministry of Housing, with the goal of developing a consistent approach to provincially administered housing at the end of the agreement. As well, the Ministry indicated that it is exploring options to maintain a relationship with agencies that would require ongoing reporting by the agencies.

### More Information Needed to Confirm Delivery of Appropriate Support Services to Housed Tenants

#### Recommendation 11

*To ensure tenants living in mental health supportive housing receive needed support services, Local Health Integration Networks, in conjunction with the Ministry of Health and Long-Term Care, should:*

- *set standards on what services and levels of care should be available across the province—for example, consider the model developed by the Centre for Addictions and Mental Health or the model adopted by the children and youth mental health sector—and monitor that these are offered in all regions of the province;*

**Status: In the process of being implemented by March 2023.**

#### Details

In our 2016 audit, we reported that neither the Ministry nor the LHINs had a prescribed list of support services that agencies needed to provide to clients living in mental health housing, but such lists had been compiled in the past. Similarly, the Ministry and the LHINs had not defined the levels of care that should be provided to clients living in mental health supportive housing who are at various levels of needs, so there was little assurance that clients received equitable service across the province.

At the time of our follow-up, the Ministry reported that it is phasing in the Mental Health and Addictions Leadership Advisory Council's

recommendations, including the following eight core services:

- prevention, promotion and early intervention services;
- information assessment and referral services;
- counselling and therapy services;
- peer and family capacity building support;
- specialized consultation and assessments;
- crisis support services;
- intensive treatment services; and
- housing and social supports.

The Ministry advised us that beginning in the fiscal year 2018/19 and over the next few years to March 2023, it will develop core service guidelines and set program standards.

- *collect cost and service data on the types of support services provided to clients living in mental health support housing and analyze the data to detect anomalies;*

**Status: In the process of being implemented by December 2019.**

#### Details

In our 2016 audit, we reported that although LHINs fund mental health agencies to deliver support services in mental health supportive housing, the LHINs do not maintain sufficient information on the types, duration and costs of the different support services that are delivered to their clients.

At the time of this follow-up, one of the LHINs we visited in the 2016 audit informed us that it completed an assessment and project plan in December 2017, demonstrating the number of units and location of current supportive housing services, and next steps.

The other two LHINs we visited in the 2016 audit did not collect further information regarding cost and service data on the types of support services beyond what they were already collecting when we completed the audit in 2016. The Ministry informed us that it is developing applicable data fields to allow data collection in the new supportive housing business system that is scheduled to go

live in October 2018. The collection of data will be complete by December 2019.

- *obtain data on unmet service needs from housing agencies that use common assessment tools and reallocate resources to areas where needs are not being met;*

**Status: In the process of being implemented by September 2019.**

#### Details

In our 2016 audit, we reported that clients' service needs, as identified in the Ontario Common Assessment of Need tool, could be summarized across the region or the province to determine service gaps, but the LHINs did not obtain aggregate assessment data. At the three LHINs we visited, only one had obtained aggregate data from the assessment tool, though this was only done in 2014 as a one-time exercise. Not having this information means that the LHINs could be providing too much funding to agencies that have clients with the least unmet needs, while short-changing agencies that have clients with the most unmet needs.

At the time of our follow-up, the Ministry indicated that about half of the province's community mental health and addiction agencies, although not mandated to use the Ontario Common Assessment of Need, voluntarily use the tool. The Ministry also reported that it was working with two partners to explore the use of this tool across supportive housing programs. The Ministry had engaged Community Care Information Management, which, under the direction of the Ministry, supports the delivery of business and technology solutions to the community-care health providers; and with the Institute for Clinical Evaluative Sciences, a not-for-profit health research institute. Community Care Information Management updated the assessment tool to a newer version as of April 1, 2018. Community Care Information Management has engaged all 14 LHINs to collaborate on the rollout of this new version. Health-service providers already using the tool have until September 2019 to transition to

this version and will receive training and support from Community Care Information Management during this process.

- *develop expectations on what assessment tool agencies should use to measure housing clients' needs and the frequency with which it should be used;*

**Status: In the process of being implemented by December 2020.**

#### Details

In our 2016 audit, we reported that all seven agencies had adopted a common assessment tool—the Ontario Common Assessment of Needs—although only one of the three LHINs we visited mandated its agencies to use this tool.

At the time of this follow-up, the Ministry informed us that it is looking to standardize the assessment and evaluation tools that all Ministry and LHIN-funded agencies use to report their mental health and addictions service data. These tools could include the Ontario Common Assessment of Needs tool (to measure clients' needs), Service Prioritization Decision Assistance tool (to measure homelessness), and the Ontario Perception of Care tool (to measure clients' satisfaction). One of the LHINs we visited in the 2016 audit reported that in January 2017 it had fully put into practice one of these tools in its region. Also, as part of the modernization of Homes for Special Care, the Ministry and the housing agencies have agreed to use these three tools on an ongoing basis. The Ministry will explore how this can guide the use of common assessment tools by other agencies. The Ministry expects that it will be in a position to set expectations on which tool agencies should use by December 2020.

- *help mental health agencies establish formal working protocols to work with one*

*another, and intervene when agencies fail to work collaboratively.*

**Status: In the process of being implemented by March 2019.**

#### Details

In our 2016 audit, we reported that working relationships and protocols were not formalized between housing agencies and other agencies. Such relationships could better ensure that clients' service needs were met.

At the time of this follow-up, the LHINs informed us that as part of the LHIN sub-regional planning, local working groups have been established to help foster relationships with mental health service providers and offer opportunities for partnerships. One LHIN informed us that in 2018/19, community mental health and addictions will be a key area of focus for local working groups as they pull together the various health-service providers within a sub-region as partners.

The Ministry reported that it and the LHINs will continue to assess collaboration protocols and refine them as needed to create consistency.

## Oversight of Supportive Housing Agencies Is Limited

### Recommendation 12

*To assess whether the objective of the mental health supportive housing program is being met, the Ministry of Health and Long-Term Care, in conjunction with mental health service agencies and Local Health Integration Networks, should identify outcome indicators, establish performance targets, collect required information, and publicly report on the effectiveness of the province's mental health supportive housing.*

**Status: In the process of being implemented by April 2020.**

#### Details

Performance indicators and outcomes are set out in the Ontario Supportive Housing Policy Framework. The Ministry reported to us in our follow-up that they are considered in new and existing supportive

housing initiatives, and are reflected in the modernized Homes for Special Care program agreements and the new supportive housing business system data collection.

As part of the Homes for Special Care modernization, the Ministry has identified measurable goals and outcomes that reflect the policy framework and align with outcomes stipulated in the Ministry's mental health and addictions data strategy. These goals and outcomes have been outlined in the draft accountability agreement that the Ministry is finalizing and will be used in the modernized Homes for Special Care program.

In addition, the Ministry informed us that the Mental Health and Addictions Strategy's Data Task Group after our audit identified two types of data that the Ministry, LHINs and health-service providers need to collect, measure and analyze: primary data for clinical use and clinical decision-making by health-service providers; and secondary data for planning and performance measurement, monitoring and evaluation. The Ministry, in collaboration with community providers and data experts, will work on a minimum data set to help with consistent reporting across LHINs, hospitals and service providers. The Ministry anticipates the rollout of the minimum data set by April 2019; however, none yet that speak to community mental health, including supportive housing.

The Ministry expects that it will start collecting data on community mental health, including supportive housing, and will explore reporting on key system indicators by April 2020.

### Recommendation 13

*To ensure that clients in mental health supportive housing receive quality service and to identify systemic concerns, the Ministry of Health and Long-Term Care, in conjunction with Local Health Integration Networks, should:*

- *require housing and mental health agencies to develop standard questions to measure*

*client satisfaction and collect consolidated response information;*

**Status: In the process of being implemented by December 2020.**

#### Details

In our 2016 audit, we reported that only one of the three LHINs we visited required mental health agencies to ask specific questions regarding client satisfaction and to report the results. Because the surveys did not all ask the same questions and offer consistent response options, compiling and comparing survey information was not possible.

Since then, the Ministry has committed to using the Ontario Perception of Care survey to capture client satisfaction for the Homes for Special Care program as a first step, and will explore options to measure client satisfaction in other programs. In developing the new supportive housing business system, the Ministry will consider reporting client satisfaction results. This system is scheduled to go live in October 2018. Based on that work, the Ministry anticipates that it will require housing and mental health agencies to develop standard questions to measure client satisfaction by December 2020.

- *define what constitutes a serious incident and require agencies to report these;*

**Status: In the process of being implemented by December 2019.**

#### Details

In our 2016 audit, we reported that while the Ministry required operators of the Homes for Special Care housing program to report serious incidents, it did not extend this requirement to providers of other supportive housing programs. Of the seven agencies we visited, six reported serious incidents informally to their funding LHIN, and the remaining agency only reported internally to its own senior management and board.

At the time of our follow-up, one of the LHINs we visited in the 2016 audit was in the process of developing a framework for adverse event and

critical incident reporting by December 2018.

Another LHIN we visited in 2016 will require service providers to notify it of any high-risk events as part of its 2018/19 refresh of its service agreement between the LHIN and the service providers. The agreement will also define what constitutes a high-risk event.

In addition, as part of the plan to modernize the Homes for Special Care program, the Ministry has defined what constitutes a serious incident and will require supportive housing agencies that operate the Homes for Special Care program to report serious incidents to it.

Finally, the Ministry noted that it has not yet communicated the definition of a serious incident to supportive housing providers outside of the Homes for Special Care program. It plans to do so by December 2019 following the implementation of the supportive housing business system. The system will be operational in October 2018 and can collect information related to serious incidents.

- *require all housing and mental health agencies to report trends they note in complaints.*

**Status: Little or no progress.**

#### Details

Tracking complaints can help agencies and the LHINs identify common areas of concern across the system. At the time of this follow-up, the Ministry noted it is exploring opportunities for the planned supportive housing business system to collect information related to complaints.

#### Recommendation 14

*To ensure that best practices are effectively identified and shared, the Ministry of Health and Long-Term Care, in conjunction with Local Health Integration Networks, should develop a process to evaluate whether initiatives or projects implemented locally or in other jurisdictions yield good results, and communicate these practices across the province.*

**Status: Fully implemented.**

#### Details

Subsequent to our audit, the LHINs completed a Provincial Leading Practices Framework in December 2016. As well, in March 2017, the Ministry released two documents—the *Ontario Supportive Housing Policy Framework* and the *Ontario Supportive Housing Best Practice Guide*—to the LHINs and other housing partners, such as social housing providers. Furthermore, in 2017, the Mental Health and Addictions System Table—consisting of representatives from the LHINs, the Canadian Mental Health Association, the Centre for Addiction and Mental Health, Addictions and Mental Health Ontario, Health Quality Ontario and the Ministry of Children and Youth Services—surveyed the LHINs to identify and share leading practices to guide the LHINs as they make new supportive housing investments in their communities.

# Chapter 1

## Section 1.08

Ministry of Health and Long-Term Care

# Large Community Hospital Operations

Follow-Up on VFM Section 3.08, 2016 Annual Report

| RECOMMENDATION STATUS OVERVIEW |                          |                               |                                 |                       |                         |                      |
|--------------------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                                | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|                                |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1               | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 2               | 4                        | 4                             |                                 |                       |                         |                      |
| Recommendation 3               | 3                        | 1 1/3                         | 1 2/3                           |                       |                         |                      |
| Recommendation 4               | 2                        | 2                             |                                 |                       |                         |                      |
| Recommendation 5               | 1                        | 1/3                           | 2/3                             |                       |                         |                      |
| Recommendation 6               | 3                        | 2                             | 1                               |                       |                         |                      |
| Recommendation 7               | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 8               | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 9               | 3                        | 3                             |                                 |                       |                         |                      |
| Recommendation 10              | 1                        | 2/3                           | 1/3                             |                       |                         |                      |
| Recommendation 11              | 1                        | 2/3                           | 1/3                             |                       |                         |                      |
| Recommendation 12              | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 13              | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 14              | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 15              | 2                        | 2                             |                                 |                       |                         |                      |
| Recommendation 16              | 4                        | 3                             | 1                               |                       |                         |                      |
| Recommendation 17              | 3                        | 3                             |                                 |                       |                         |                      |
| <b>Total</b>                   | <b>33</b>                | <b>25</b>                     | <b>6</b>                        | <b>2</b>              | <b>0</b>                | <b>0</b>             |
| <b>%</b>                       | <b>100</b>               | <b>76</b>                     | <b>18</b>                       | <b>6</b>              | <b>0</b>                | <b>0</b>             |

## Overall Conclusion

As of August 3, 2018, about 76% of the actions we recommended in our *2016 Annual Report* had been fully implemented, specifically in the areas of monitoring the bed-wait time on a regular basis, developing a crisis response system to handle difficult cases and high case volumes, publicly reporting wait-time performance data by urgency level of surgery, and performing maintenance on inventory of medical equipment. About 18% of the actions we recommended were in the process of being implemented, specifically in the areas of implementing a centralized patient referral and assessment system for elective surgeries, identifying ways to alleviate the backlog of urgent elective surgeries, and analyzing the reasons for delays in emergency surgeries. Little or no progress was made on implementing another 6% of the actions we recommended, mainly in the areas of reviewing the appointment and appeal processes for physicians working in hospitals.

The status of the actions taken on each of our recommendations is described in this report.

## Background

Ontario's network of 147 public hospitals includes 57 large community hospitals, which are distinguished from other hospitals by the high number of patients they treat. The Ministry of Health and Long-Term Care (Ministry) defines large community hospitals as those with 2,700 or more acute and day-surgery weighted cases in any two of the prior three years.

The 57 large community hospitals account for about 14,990 of Ontario's 31,000 hospital beds—or 48%.

Our audit in 2016 included visiting three large community hospitals. Among our findings:

- Patients waited too long in emergency rooms. Many patients who required hospital admission waited longer than the Ministry-set target of no more than eight hours from triage (prioritizing patients according to the urgency of their conditions) to being transferred to intensive-care units or other acute-care wards. In 2014/15, at the three hospitals we visited, only 52% of patients were transferred to intensive care in eight hours, not the 90% target set by the Ministry.
- Although most hospital sites we visited had nine to 12 operating rooms, only one at each site remained open evenings, weekends and statutory holidays for emergency surgery only. Our survey also found that most hospitals had planned operating-room closures over March break and for two to 10 weeks during the summer.
- At the three hospitals we visited, one in four patients with critical or life-threatening conditions had to wait four hours on average for surgeries that should have started within two hours.
- Emergency surgeries had to compete with elective surgeries for operating-room time, resulting in long wait times for patients requiring emergency surgeries. All three hospitals we visited had policies that allow the most critical emergency surgeries to bump all others. However, other types of emergency surgeries typically had to wait until after hours, when that day's elective surgeries had been completed, or for a weekend slot.
- We reviewed wait times for elective surgeries at all 57 large community hospitals and noted that they had not improved in the five years leading up to 2015/16. We also noted that some large community hospitals were struggling to meet the Ministry's wait-time targets for the most urgent elective surgeries—for example, only 33%, not 90%, of urgent neurosurgeries were completed within the Ministry's 28-day target.

Another area of concern in our audit was patients developing new health problems as a result of their hospital stay. For example:

- Patients discharged from Ontario hospitals had a relatively high incidence of sepsis. Canadian Institute for Health Information data for March 2015 showed Ontario hospital patients had the second-highest rate of sepsis in Canada (after the Yukon): 4.6 cases per 1,000 patients discharged, compared with an average of 4.1 for the rest of Canada.
- At one of the hospitals we audited, senior alternate-level-of-care patients (that is, patients who no longer require hospital care but must remain there until a bed becomes available in another care setting) fell 2½ times more often than residents of long-term-care homes in the same Local Health Integration Network (LHIN) area between January 2014 and March 2016.
- We identified three health problems that Ontario hospitals did not manage or prevent as well as hospitals outside Ontario:
  - *Post-operative pulmonary embolism:* Ontario hospital patients aged 15 or over have a relatively high incidence of post-operative pulmonary embolism after hip- and knee-replacement surgeries: 679 cases per 100,000 patients discharged, compared with 660 Canada-wide and 362 for the 34 other Organisation for Economic Co-operation and Development (OECD) countries.
  - *Objects left inside surgical patients:* Ontario surgical patients aged 15 or over experienced a higher rate of errors: 7.5 per 100,000 discharges, compared with 4 for the 34 other OECD countries (the Canada-wide rate is 8.6).
  - *Vital life-saving medical equipment not adequately maintained:* Medical equipment such as ventilators, anesthesia units and defibrillators are used to keep patients alive. We found that at one hospital we

visited, 20% of the equipment was not being maintained according to schedule; for some equipment, the last required maintenance was two years overdue.

Among our other findings:

- We noted some instances where hospitals were not able to resolve human resources issues with physicians quickly, such as hospital privileges, because of the comprehensive legal process that the hospitals are required to follow under the *Public Hospital Act*.
- As of March 2016, about 4,110 alternate-level-of-care patients were occupying hospital beds even though they no longer needed them. About half were waiting for long-term-care-home beds because there were not enough available in the community.
- The three hospitals we audited did not have adequate access controls over private patient information. We found computer accounts still active for people no longer employed, computers without automatic logout function and unencrypted portable devices.
- None of the hospitals we visited had a centralized scheduling system to efficiently track and manage scheduling for all nursing units. As a result, nurses worked significant amounts of overtime, with a correspondingly significant number of sick days.

The report contained 17 recommendations, consisting of 33 actions, to address our audit findings.

## Standing Committee on Public Accounts

In April 2017, the Standing Committee on Public Accounts (Committee) held a public hearing on our 2016 Large Community Hospital Operations audit. As a result of this hearing, the Committee tabled a report in the Legislature, in February 2018, in which it endorsed our findings and recommendations. The Committee also made 16 additional recommendations and asked the Ministry and hospitals to report back by June 22, 2018. However, at

the time of our follow-up, the Legislative Assembly was dissolved following the provincial election on June 7, 2018. As such, the Committee did not have a membership to accept the responses from the Ministry and hospitals until properly reconstituted after the resumption of the House. The Committee's recommendations and our follow-up on its recommendations are found in **Chapter 3, Section 3.03** of this volume of our *2018 Annual Report*.

## Important Event Following Our 2016 Audit

### Amalgamation of Hospitals

Our 2016 audit focused on three large community hospitals: Trillium Health Partners (Trillium), Windsor Regional Hospital (Windsor), and Rouge Valley Health System (Rouge).

Subsequent to our audit, two sites of Rouge have merged with two other hospitals in response to the recommendations by the Scarborough/West Durham Expert Panel, which reviewed and reported back to the Ministry on how to improve integration and access to acute health care services. Effective December 1, 2016, Rouge's Centenary site has merged with The Scarborough Hospital to create Scarborough and Rouge Hospital, and Rouge's Ajax/Pickering site has merged with Lakeridge Health.

To ensure completeness of our follow-up work, we assessed the status of actions taken by Rouge based on information provided by both Scarborough and Rouge Hospital (formerly Rouge's Centenary site) and Lakeridge Health (formerly Rouge's Ajax/Pickering site).

## Status of Actions Taken on Recommendations

We conducted assurance work between April 1, 2018, and August 3, 2018, and obtained written

representation from the Ministry of Health and Long-Term Care (Ministry) and hospitals that, effective October 31, 2018, they have provided us with a complete update of the status of the recommendations we made in the original audit two years prior.

## Year-End Funding Confirmation for Cancer Surgeries Not Timely

### Recommendation 1

*To ensure that funding to hospitals accurately reflects patient needs, the Ministry of Health and Long-Term Care should plan appropriately so that surgeries are delivered when needed.*

**Status: Fully implemented.**

### Details

Our 2016 audit found that one hospital we visited spent about \$321,000 more than its mid-year projection on cancer surgeries. However, the Ministry did not confirm with this hospital that it would receive additional funding for the shortfall until six months after the year-end.

During our follow-up, we noted that the Ministry had distributed its funding allocations to hospitals early in the fiscal year. The Ministry had also established processes for the hospitals and LHINs to review their current funding and correct any data-quality issues before potential investments are made. In addition, the Ministry has updated the Quality-Based Procedures (QBP) Volume Management Instructions, which outlines the policies under the Ministry's Health System Funding Reform (HSFR). These instructions provide direction regarding in-year reallocations, and year-end reconciliations and processes for the 2017/18 fiscal year so that LHINs can be flexible in responding to patient needs when managing services in their communities.

## Patients Waiting Too Long in Emergency Rooms

### Recommendation 2

To better ensure timely transfer of patients from the emergency room to an acute-care bed when needed, hospitals should:

- monitor the bed-wait time by acute-care wards on a regular basis;

**Status: All three hospitals: Fully implemented.**

### Details

Our 2016 audit found that many patients had to remain in the emergency room after being seen by a physician because beds in intensive-care units (ICUs) and other acute-care wards were unavailable.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** It has set up a Capacity Management Dashboard to monitor the length of stay in real-time for all admitted patients in the emergency department.
- **Windsor:** It has implemented a new bed-allocation model for the Medicine Program as of October 2017 to move patients from the emergency department to the relevant ward quickly. The new model uses a software program to display information such as the number of patients in the emergency department that are waiting for a bed, the length of time patients have been waiting, and a bed-readiness status code of green (less than 30 minutes), yellow (31 to 60 minutes) or red (over 60 minutes).
- **Rouge:** It has implemented a Daily Access Reporting Tool to provide wait-time data. It has also set up a Patient Flow Team to monitor bed-wait time and ensure timely transfer of patients from the emergency department to an in-patient bed.

- investigate significant delays;

**Status: All three hospitals: Fully implemented.**

### Details

Our 2016 audit found that delays in transferring a patient from emergency to an acute-care ward sometimes happened because beds were full or had not yet been cleaned.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** It has put Admission Coordinators or Patient Care Coordinators in place to regularly review all admitted patients who waited in the emergency department longer than the target wait time. It also monitored bed-assignment and patient-in-bed times and contacted specific units when significant delays were identified.
- **Windsor:** When significant delays occurred, the hospital's Program Director and Command Centre Director investigated delays by reviewing patient charts and provided feedback to the appropriate units. These investigations and recommendations to address delays were discussed with the Patient Flow Team during its weekly meetings.
- **Rouge:** It has put an Operations Supervisor and a Bed-Allocation Team in place to oversee patient flow in real time and investigate any issues and delays. It has also updated its system for prioritizing patient transport and cleaning processes to prevent significant delays.

- develop a crisis response system to better handle difficult cases and high case volumes;

**Status: All three hospitals: Fully implemented.**

### Details

Our 2016 audit found that bed-wait time varied depending on the patient's age and illness. This suggested that a crisis response system was needed to better handle difficult cases and high case volumes.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** It has completed the Capacity Management Processes and Practices framework, which provides guidance for responding to different levels of capacity, raises awareness of patient flow practices across the hospital, and sets expectations in response to patient flow challenges. It has also set up an Overcapacity Leadership Team to improve patient flow. As well, it has implemented a Capacity Management Policy and Procedure, in effect since March 31, 2017, to outline the roles, accountabilities and corporate response to overcapacity.
  - **Windsor:** It has developed a surge plan for overcapacity situations, including opening beds at each site for which it receives no funding from the Ministry.
  - **Rouge:** It has implemented a patient-surge policy that is activated when there are more than 10 admitted patients waiting in the emergency department for in-patient beds. It has also set up a centralized staffing system with access to a nursing resource pool to assist with staffing during surge demands.
  - *take corrective actions as necessary.*
- Status: All three hospitals: Fully implemented.**

#### Details

Our 2016 audit found that emergency rooms were often overcrowded due to a backlog of patients awaiting beds elsewhere in the hospital, especially, for example, during high-volume times such as the winter holiday period. At the hospitals we visited, we saw patients placed on uncomfortable stretchers or gurneys in hallways and other high-traffic areas.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** It has set up an Emergency Operations Centre to manage ongoing capacity pressures and challenges. It has also begun circulating the Capacity and Workforce Management Bi-Weekly Status Report to all clinical vice presidents and members of its

Capacity Management and Workforce Planning Taskforce. The status report identifies overcapacity issues and outlines recommendations to improve patient flow by using the Capacity Management Processes and Practices framework. In addition, it established a Surge Planning Task Force to develop a plan for managing the challenges and pressures during the winter holiday period.

- **Windsor:** It has begun holding daily meetings at every medical or surgical unit, with social workers, nurses and other care providers to identify any issues that need to be escalated to the appropriate departments or senior management. It has also updated care and discharge plans daily to improve patient flow.
- **Rouge:** It has put a Patient Flow Team in place to ensure the timely transfer of patients from the emergency department to an in-patient bed while giving priority to intensive-care unit patients and patients who require urgent surgeries. In April 2017, it also set up a Medical Short Stay Unit for patients expected to be discharged within 48 hours. It was also diverting patients to outpatient clinics (such as fracture clinics) as much as possible.

## Patients Waiting Too Long for Emergency Surgeries

### Recommendation 3

*To better ensure the equitable and timely treatment of patients requiring emergency surgery, hospitals should:*

- *on a regular basis, track and assess the timeliness of emergency surgery performed;*

**Status: Trillium Health Partners: Fully implemented.**

**Windsor Regional Hospital: In the process of being implemented by April 2020.**

**Rouge Valley Health System: Fully implemented.**

### Details

Our 2016 audit found that hospitals did not formally evaluate how quickly they performed all emergency surgeries. The hospitals we visited did not consistently track sufficient information to assess the timeliness of surgeries and document reasons for surgical delays.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** In May 2017, it implemented a tracking tool and guidelines to provide a standardized approach for documenting emergency surgeries. It also established a committee on perioperative care (care that is given before and after surgery) to monitor and report the information collected by this tool.
- **Windsor:** Since October 2017, it has reviewed the non-scheduled surgical list daily to prioritize and develop an action plan for emergency surgeries. In April 2018, it initiated further work to confirm the criteria for placing patients on the non-scheduled surgical list and develop an electronic system to track and assess the timeliness of emergency surgeries. It expects to complete this work by April 2020.
- **Rouge:** In March 2017, it performed an audit to track and assess the timeliness of emergency surgeries. The audit showed that all cases of orthopedic, gynecologic, and plastic and reconstructive surgeries were performed within the targeted time.

- *document and analyze the reasons for delays in performing emergency surgery;*

**Status: Trillium Health Partners:** In the process of being implemented by the end of December 2018.

**Windsor Regional Hospital:** In the process of being implemented by April 2020.

**Rouge Valley Health System:** Fully implemented.

### Details

Our 2016 audit found that 38% of patients in our samples who required emergency surgeries did not get them within the time frames recommended by the Ministry.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** In 2017/18, it initiated a project to develop an audit and analysis process regarding delays in performing emergency surgeries. The project is expected to be completed by the end of December 2018.
- **Windsor:** It was in the process of analyzing delays with the Chief of Anesthesia and the operating room leadership team. In April 2018, it began developing an electronic system to document the reasons for delays in performing emergency surgeries. It expects to complete this work by April 2020.
- **Rouge:** It has analyzed and identified the top two reasons for delays in emergency surgeries: limited dedicated operating-room time and patient-related factors (for example, a patient needs to receive medication first to be medically stable for the surgery, or a patient is taking blood thinner medication and needs to stop for a few hours before surgery).

- *evaluate dedicating emergency-surgery operating-room time and/or take other measures, such as ensuring surgeons perform only emergency surgeries while they are on call, as part of their regular planned activity, in order to reduce the risk that emergency-surgery delays result in negative impacts on patient health.*

**Status: Trillium Health Partners:** In the process of being implemented by November 2018.

**Windsor Regional Hospital:** In the process of being implemented by the end of March 2019.

**Rouge Valley Health System:** Fully implemented.

### Details

Our 2016 audit found that the hospitals we visited had policies that allowed the most urgent surgeries to bump all others for the next available operating room. However, other types of emergency surgeries had to wait until after 3:00 p.m., when elective surgeries had been completed, or wait for a slot after hours or on the weekend.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** Its Divisions of Orthopedic Surgery and General Surgery have dedicated week-day operating-room blocks for emergency surgeries related to trauma cases and acute care. It has also engaged an external expert to perform a surgical platform optimization review, which includes analyzing opportunities related to emergency care. The review is expected to be completed in November 2018.
- **Windsor:** Its Department of Orthopedic Service has dedicated 90 minutes each day to complete non-scheduled emergency surgeries. However, it indicated that significantly more action is still needed to address this recommendation as it is still in the early stages of reviewing wait times for patients requiring emergency surgery. It also informed us that a surgical leadership team, including chiefs and physician leaders of the surgical program, were reviewing two to four years of data to determine the number of surgical beds and operating rooms required for non-scheduled and scheduled emergency surgeries. It expects to dedicate operating-room times for emergency surgeries or take other measures by the end of March 2019.
- **Rouge:** In May 2017, it started dedicating operating-room time for emergency surgeries. It has also implemented policies for scheduling and booking emergency surgeries, outlining a detailed process for emergency cases that need to be completed during business hours, after-hours and on weekends. These policies allow for bumping into the first

available room depending on the urgency of the emergency surgery.

## Patients Waiting Too Long for Some Urgent Elective Surgeries

### Recommendation 4

*To ensure patients receive urgent elective surgery on a timely basis, the Ministry of Health and Long-Term Care (Ministry) should:*

- *review the relationship between the level of funding provided for urgent elective surgeries, the wait-time targets for those surgeries, and the difficulties hospitals are facing achieving those targets within the level of funding provided;*

**Status: Fully implemented.**

### Details

Our 2016 audit found that wait times for elective surgeries had not improved over the past five years from 2011/12 to 2015/16, and hospitals were struggling to meet the Ministry's wait-time targets for the most urgent elective surgeries.

During our follow-up, we noted that the Ministry has established processes to engage the LHINs in reviewing wait-time data for key surgical procedures. For example, it established the Orthopaedic Quality Scorecard in 2017 to track and monitor, on a quarterly basis, performance results related to hip and knee replacement surgeries. The Scorecard includes indicators such as average acute length of stay (days) and joint replacement wait time (days), and provides information for the Ministry and LHINs to review the relationship between funding levels and wait times for this type of urgent elective surgery. In much the same way, the Foot and Ankle Dashboard, also established in 2017, tracks performance metrics relating to foot and ankle procedures.

The Ministry also reviewed the Cataract Capacity Plan, submitted by the Provincial Vision Task Force (PVTf) in November 2017, to examine the factors, such as funding level, that affect

the supply of cataract surgery services and their relationship with wait times. To achieve wait-time targets, the Ministry plans to use the recommendations from the PVFT's Cataract Capacity Plan for future funding decisions with a goal of achieving wait-time targets.

- *using the information from this review, determine future urgent-elective-surgery funding needs, such that the risk to patients is addressed and hospitals are enabled to achieve the Ministry's urgent-elective surgery wait-time targets.*  
**Status: Fully implemented.**

#### Details

Our 2016 audit found that the more urgent the surgery, the less likely it was to be performed within the wait-time target.

During our follow-up, we noted that the Ministry has used information from the reports mentioned above, such as the Orthopaedic Quality Scorecard and the Cataract Capacity Plan, to determine funding needs and achieve wait-time targets. For example, in December 2017, the Ministry made an additional investment to fund over 160 more hip and knee replacements across the LHINs with the greatest wait-time performance challenges. As mentioned above, the Ministry plans to make future funding decisions for cataract surgery based on the recommendations in the Cataract Capacity Plan to target areas of the province with higher needs. The Ministry also plans to continue to work with LHINs to identify hospitals with wait-time challenges and find potential solutions.

#### Recommendation 5

*To continue to make the most effective use of hospital resources within funding constraints, and to better ensure that patients get urgent elective surgeries within the wait-time targets established by the Ministry of Health and Long-Term Care (Ministry), hospitals should consult with the Ministry and the Local Health Integration Networks (LHINs) when necessary, and work with surgeons to identify ways*

*to alleviate the backlogs, such as scheduling some elective surgeries for times other than typical daytime business weekdays.*

**Status: Trillium Health Partners: In the process of being implemented by the end of March 2021.**

**Windsor Regional Hospital: In the process of being implemented by April 2020.**

**Rouge Valley Health System: Fully implemented.**

#### Details

During our 2016 audit, over half of the surgeons who responded to our survey said that their hospitals had no policy to schedule elective surgeries on evenings and weekends because of funding constraints.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** It implemented the Acute Care Surgery model at one of its sites in 2017/18 due to its demonstrated success with implementing this model at another site in 2012 to help reduce the competition for operating rooms after hours by moving unplanned general surgery from evenings to daytime hours. It also plans to explore additional opportunities through a broader Operating Room Efficiency Analysis, which is expected to be completed by the end of March 2021.
- **Windsor:** It indicated that significantly more action is still needed to address this recommendation as it is still in the early stages of reviewing wait times for patients requiring surgery. As mentioned under **Recommendation 3**, it expects to develop an electronic system for documenting the reasons for delays by April 2020, after which it intends to identify ways to reduce the backlogs or delays for surgery.
- **Rouge:** It has implemented measures to reduce wait time and alleviate backlogs of urgent elective surgeries. For example, it has set up three Diagnostic Assessment Units (prostate, thyroid and breast) to reduce wait

time from referral to diagnosis and surgery. It has also implemented swing rooms (two operating rooms with staggered operation start times and schedules that surgeons can “swing” between as their patients are ready) for orthopedic surgery. These swing rooms reduce the turnaround time of operating rooms and allow surgeons to perform two additional surgeries. In addition, it has put a physician assistant in place to help manage pre- and post-operative care, freeing up orthopedic surgeons to perform surgeries.

### Recommendation 6

*To help ensure that both patients and health-care providers make informed decisions, and that patients undergo elective surgery within an appropriate time, the Ministry of Health and Long-Term Care (Ministry) should work with hospitals to:*

- *implement a centralized patient referral and assessment system for all types of elective surgeries within each region;*

**Status: In the process of being implemented by the end of March 2019.**

#### Details

Our 2016 audit found that although eight of the 14 LHINs across Ontario had central referral services for hip and knee replacement surgeries in their regions, there was no centralized system in place for booking other types of elective surgeries.

During our follow-up, we noted that in December 2017, the Ministry announced an investment of \$37 million over three years to expand the centralized patient referral and assessment system, known as Rapid Access Clinics (RACs), across the province to musculoskeletal care, starting with hip and knee replacement as well as low back pain management over 2017/18 and 2018/19.

Some LHINs have started implementing the RACs for hip and knee replacement and for low back pain management. The Ministry expects that all LHINs will implement the RACs by the end of

March 2019. Going forward, funding will be provided to test and evaluate the RACs for expansion to other types of surgeries or procedures.

- *break down the wait-time performance data by urgency level for each type of elective surgery on the Ministry’s public website;*

**Status: Fully implemented.**

#### Details

Our 2016 audit found that while the Ministry publicly reported wait-time performance by hospital for all 12 types of elective surgery, it did not report wait-time performance by level of urgency.

During our follow-up, we noted that the Ministry has introduced a new online tool to help people find wait-time performance data for surgeries and procedures by urgency or priority level across the province. Since August 2017, wait-time data has been made available on both Health Quality Ontario’s (HQO’s) and the Ministry’s websites.

Wait-time data on the websites are broken down by priority level, which is assigned to each patient based on an assessment performed by clinicians to determine their urgency of care. There are four levels of priority: Priority 1 (Immediate/Emergency), Priority 2 (Urgent), Priority 3 (Semi-urgent) and Priority 4 (Non-urgent). Since patients with emergency conditions (Priority 1) are seen immediately, their wait times are not included in wait-time data. Each priority level of a procedure or surgery (such as cataract surgery, cancer surgery and orthopedic surgery) has an associated wait-time target. The websites show the percentage of surgeries at each priority level completed within the associated target.

- *publicly report the complete wait time for each type of surgery, including the time from the date of referral by family physician to the date of a patient’s appointment with a specialist.*

**Status: Fully implemented.**

### Details

Our 2016 audit found that unlike other jurisdictions such as Nova Scotia and the United Kingdom, Ontario did not report full wait times. Although the Ministry did track the time a patient waited for a specialist consultation, it did not report it publicly or include it in its wait times for surgeries.

As mentioned above, as of August 2017, the Ministry has publicly reported wait-time performance data for surgical procedures on its and HQO's websites. Such data shows complete wait time by including two components: (1) the time between a referral received from a family physician or nurse practitioner and the patient's first appointment with a surgical specialist; and (2) the time between the decision on a surgery or procedure and the date of the surgery or procedure.

### Recommendation 7

*To ensure patients receive timely elective-surgery consultation from a specialist, the Ministry of Health and Long-Term Care (Ministry) should identify the reasons why there is a long wait for some specialists and work with the Local Health Integration Networks (LHINs), hospitals and specialists to improve wait time and access to specialists and specialist services.*

**Status:** In the process of being implemented by the end of March 2019.

### Details

Our 2016 audit found that if wait times to see specialists were considered, it would add months to the wait time for some surgeries. Depending on the urgency level of the surgery, patients could then wait another 78 to 181 days to receive their surgery.

As mentioned under **Recommendation 6**, the Ministry has committed to improve access to specialist services by expanding the centralized patient referral and assessment system, known as Rapid Access Clinics (RACs), to patients who require hip and knee replacement as well as low back pain management. Some LHINs have implemented RACs, through which patients will receive an inter-professional assessment—typically a nurse

practitioner, physiotherapist, or chiropractor with advanced skills and training—within four weeks of the referral and a determination will be made whether a surgical consultation is needed. Patients who do not require a surgery will be provided with non-surgical recommendations. The Ministry expects that all LHINs will implement the RACs by the end of March 2019.

As well, the Ministry indicated that the RACs will be implemented based on the existing evidence-based models that have been proven to provide benefits to patients. These models include the Central Intake and Assessment Centre (CIAC) model and the Inter-professional Spine Assessment and Education Clinic (ISAEC) model. These models help patients who need surgery get faster access to surgical consultations and help develop self-management care plans for those who do not need surgery. The CIAC model, for example, has reduced wait times for hip and knee replacement in the Champlain LHIN by 90% by distributing patients across all surgeons' waiting lists.

## Poor Surgical-Safety Performance

### Recommendation 8

*To ensure the safety of surgical patients, the Ministry of Health and Long-Term Care should work with hospitals to ensure hospitals regularly monitor patient incident occurrences and take corrective actions as necessary.*

**Status:** Fully implemented.

### Details

Our 2016 audit noted that the Ministry did not know which hospitals contributed to poor surgical performance, nor had it taken any actions to address this shortcoming.

During our follow-up, we noted that the Ministry has worked with hospitals to ensure that hospitals regularly monitor patient incident occurrences and take corrective actions as necessary. For example:

- The Ministry began funding the Ontario Surgical Quality Improvement Network (ON-SQIN), which brings together surgical teams from hospitals to assess clinical data, identify areas of focus in surgical safety and patient outcomes, and share ideas and practices. As of June 1, 2018, 46 Ontario hospitals have participated in the ON-SQIN, which has tracked and assessed 14 indicators from a patient's pre-surgery period to 30 days post-surgery, while adjusting the data for age and pre-existing illness to ensure comparability of findings. Examples of indicators include unplanned intubations, urinary tract infections, surgical site infections, sepsis, and venous thromboembolism.
- The *Quality of Care Information Protection Act (QCIPA)*, originally enacted in 2004, was amended and replaced by the *QCIPA 2016*, which came into force on July 1, 2017. The *QCIPA 2016* increases transparency by affirming the rights of patients to access information about their own health care and clarifying that facts about critical incidents cannot be withheld from patients and their families.
- The Ministry has continued to require all Ontario hospitals to report critical incidents relating to medication or intravenous fluids through the National System for Incident Reporting, a web-based tool that allows users to report, analyze and share information on patient safety incidents.
- *ensure that alternate-level-of-care patients waiting in hospital are safe and receive the restorative and transitional care they need while they wait;*  
**Status: Fully implemented.**

#### Details

Our 2016 audit found that about 14% of hospital beds in the province were occupied by alternate-level-of-care patients who no longer required hospital care but who had to remain there until a bed became available in another setting such as a long-term-care home. Acute-care hospital units are not the ideal setting for these patients.

During our follow-up, we noted that the Ministry has allocated about \$40 million to the LHINs to support over 40 pilot projects and initiatives related to Assess and Restore interventions, which are short-term rehabilitative and restorative care services provided in the community to people who have experienced a reversible loss of their functional ability. At the time of our follow-up, services had been provided to about 28,000 seniors and training had been provided to over 2,000 clinicians. The hospitals and LHINs have reported improved access and patient flow from acute to sub-acute and rehabilitative beds, reduced lengths of stay at hospitals, and earlier discharges with the enhancement of in-home restorative services.

- *evaluate policies in other jurisdictions aimed at placing reasonable limits on the time patients can spend waiting in hospital for beds in long-term-care homes, such as by discharging patients to the first appropriate available home within reasonable proximity;*

**Status: Fully implemented.**

#### Details

Our 2016 audit found that in Ontario, patients have the right to stay in hospital until a spot becomes available in the long-term-care home(s) of their choice. In comparison, British Columbia, Manitoba, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island all require patients to go to

## Bed Shortages Caused by Patients Waiting in Hospital for Other Types of Care

### Recommendation 9

*To ensure optimal use of health-care resources for patients requiring hospital care and for those requiring long-term care, the Ministry of Health and Long-Term Care should:*

the first available vacant long-term-care-home bed in the province.

During our follow-up, we noted that in early 2017, the Ministry reviewed and evaluated placement policies in other jurisdictions. The review included examining “first available bed” provisions as well as patients in high-risk and special categories. The Ministry has used, and will continue to use, the information it has gathered through this review to inform its decisions regarding the placement process for long-term-care homes.

- *conduct capacity-planning for senior care and address bed shortages, if any, in long-term-care homes.*

**Status: Fully implemented.**

#### Details

Our 2016 audit found that the Ministry did not have long-term-care capacity planning in place, nor did it know the future demand for long-term-care beds.

During our follow-up, we noted that the Ministry has conducted capacity-planning for senior care and addressed bed shortages. In October 2017, the Ministry announced an investment of over 2,000 additional hospital beds to reduce wait times in hospitals. The Ministry has also worked with the LHINs and health service providers to enhance and expand supports available in the community. This partnership created about 600 transitional care spaces and 200 supportive housing units in 2017/18 to assist patients transitioning out of hospitals and back to their own homes or community. To further increase the capacity of community care, the Ministry will be investing an additional \$187 million in 2018/19.

## Hospitals Lack Efficient Systems for Allocating Beds

### Recommendation 10

*To help reduce the time that hospital patients must wait for beds after admission, hospitals should conduct cost-benefit analysis in adopting more efficient*

*bed-management systems that provide real-time information about the status of hospital beds, including those occupied, awaiting cleaning or available for a new patient, as well as the number of patients waiting for each type of bed in each acute-care ward.*

**Status: Trillium Health Partners: In the process of being implemented by the end of March 2019.**

**Windsor Regional Hospital: Fully implemented.**

**Rouge Valley Health System: Fully implemented.**

#### Details

Our 2016 audit found that one of the hospitals we visited was able to transfer emergency patients to hospital beds in acute-care wards more quickly than the other two because it had an information-technology system for hospital-wide bed management.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** Its 2017/18 capital allocations included up to \$2 million for a bed-management system to improve patient flow and capacity management. The hospital was planning for next steps at the time of our follow-up. In June 2018, it engaged an external expert to review the current state of bed management, conduct a cost-benefit analysis, and recommend improvements. The cost-benefit analysis has been drafted and will be issued by the end of March 2019.
- **Windsor:** As mentioned under **Recommendation 2**, it has implemented a new bed-allocation model for the Medicine Program, as of October 2017, to move patients from the emergency department to the relevant ward quickly after admission. The new model uses a software program to display information about the status of hospital beds, such as the number of patients in the emergency department waiting for a bed, the length of time patients have been waiting, and a bed-readiness status code of green (less than 30 minutes), yellow (31 to 60 minutes) or red (over 60 minutes).

- **Rouge:** Rouge's Centenary site (now Scarborough and Rouge Hospital) did not conduct a cost-benefit analysis for a bed-management system because the merger of this site and The Scarborough Hospital provided the opportunity to leverage the existing systems at both hospitals. As a result, it has developed a Demand Capacity Board to supplement the existing bed-management system and improve the performance and accuracy of a web portal to view patient flow status. Rouge's Ajax/Pickering site (now Lakeridge Hospital) has developed the Bed Management Tool, an automated information system that tracks patient flow in real time.

## Poorly Scheduled Admissions and Discharges Cause Longer Bed-Wait Times

### Recommendation 11

*To help reduce the time patients have to wait for beds after admission, hospitals should review the times and days of the week where patients are waiting excessively at admission and discharge, and make necessary adjustments to allow sufficient time for beds to be prepared for new admissions, especially those arriving at peak times.*

**Status: Trillium Health Partners: In the process of being implemented by the end of March 2019.**

**Windsor Regional Hospital: Fully implemented.**

**Rouge Valley Health System: Fully implemented.**

### Details

Our 2016 audit found that patients admitted via the emergency room on weekends had to wait, on average, 35 minutes longer than the typical 10-hour wait on weekdays for in-patient beds because there were fewer physicians and support staff during weekends.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** Its Corporate Services has developed a plan for optimizing housekeeping activities to improve patient flow and allow sufficient time for beds to be prepared for new admissions. It has also addressed this recommendation through other initiatives such as the Capacity Management Processes and Practices and the Overcapacity Leadership Team as mentioned under **Recommendation 2**, and a cost-benefit analysis on bed management solutions as mentioned under **Recommendation 10**. The cost-benefit analysis has been drafted and will be issued by the end of March 2019.
- **Windsor:** As mentioned under **Recommendations 2 and 10**, it has implemented a new bed-allocation model for the Medicine Program, as of October 2017, to move patients from the emergency department to the relevant ward quickly. The new model includes the use of assessment bays (where doctors can expedite diagnostic tests for patients, confirm their diagnosis, and establish an expected day of discharge).
- **Rouge:** It has established an Efficient Patient Flow Working Group, which has launched the following initiatives: revising the Bed Management and Surge Policy; streamlining daily bed-management meetings; and producing a daily Expected Date of Discharge report to help improve patient flow.

## Hospital Beds Not Ready for Patients on a Timely Basis

### Recommendation 12

*To help reduce the time that patients have to wait for beds, hospitals should ensure that a sufficient number of housekeeping staff are on duty to clean recently vacated rooms and beds on a timely basis, and that the order of cleaning is prioritized based on the types of beds most in demand.*

**Status: All three hospitals: Fully implemented.**

### Details

Our 2016 audit found that patients had to wait at least 1½ hours longer in the emergency room for beds in acute-care wards once the day shift ended for housekeeping staff, because there were significantly fewer housekeeping staff on duty during the night shift.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** It completed a staffing analysis and implemented new staffing schedules in September 2017 to push start times for housekeeping staff later to cover times of higher housekeeping needs. It has added two five-hour shifts (ending at 11 p.m.) and three overnight shifts (ending at 7 a.m.) to address housekeeping needs later in the evenings. It has also set a target cleaning turnaround time of 45 minutes, which it monitors daily. It plans to continue monitoring discharge data and staffing schedules to ensure there is sufficient staff on hand to properly accommodate cleaning workloads.
- **Windsor:** It has restructured its cleaning staff, resulting in an increase of housekeeping staff available from 12 p.m. to 8 p.m. and from 11 p.m. to 7 a.m. to assist with discharge cleaning on afternoons and overnight. It has also changed its cleaning process so that the supervisor now assigns a housekeeper the task of cleaning a bed at the same time as assigning a porter the task of moving a patient out of the bed. This has saved 20 minutes in the cleaning process and improved housekeeping efficiency.
- **Rouge:** It has implemented a Priority Task System to identify and clean beds based on the priority of patients. It has also implemented a Flow Focused Model by moving routine tasks (such as regular cleaning) to the end of day to minimize any duplication of efforts and better align available staff with demand. In addition, it has implemented a surge-escalation plan to ensure that staffing

is increased ahead of an anticipated increase in demand.

## Appeal Process for Hospitals and Physicians under *Public Hospitals Act* Needs Review

### Recommendation 13

*To ensure that hospitals, in conjunction with physicians, focus on making the best decisions for the evolving needs of patients, the Ministry of Health and Long-Term Care should review the physician appointment and appeal processes for hospitals and physicians under the Public Hospitals Act.*

**Status: Little or no progress.**

### Details

Our 2016 audit found some instances where hospitals were not able to resolve human resources issues with physicians quickly because of the comprehensive legal process that the hospitals were required to follow under the *Public Hospitals Act*.

During our follow-up, the Ministry indicated its commitment to develop a process to address this issue. The Ministry will consider this issue once it settles negotiations on the Physician Services Agreement between the provincial government and the Ontario Medical Association (OMA).

## Co-ordinating with Physicians Is a Challenge for Hospitals

### Recommendation 14

*To ensure that hospitals are able to make the best decision in response to the changing needs of patients, the Ministry of Health and Long-Term Care should assess the long-term value of hospitals employing, in some cases, physicians as hospital staff.*

**Status: Little or no progress.**

### Details

Our 2016 audit found that, because the hospital-physician relationship is governed by the *Public Hospitals Act*, hospitals do not have the authority to manage physicians in the same way they manage

hospital staff. We found instances where hospital management and individual physicians did not work collaboratively, and were therefore unable to deliver patient-centred health-care services.

During our follow-up, the Ministry indicated its commitment to develop a process to address this issue. The Ministry will consider this issue once it settles negotiations on the Physician Services Agreement between the provincial government and the Ontario Medical Association (OMA).

## More Effective Scheduling of Nurses Needed

### Recommendation 15

To ensure better use of hospital resources for nursing care in each ward, hospitals should:

- assess the need for implementing a more efficient scheduling system, such as a hospital-wide information system that centralizes the scheduling of all nurses based on patient needs;

**Status: All three hospitals: Fully implemented.**

### Details

Our 2016 audit found that while scheduling nurses efficiently through a centralized system could reduce overtime and staffing costs, none of the three hospitals we visited had such a system to track and manage individual nurse schedules.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** It has assessed the need for implementing a more efficient scheduling system and plans to enhance its Human Resources Information System with a system that provides more advanced functionality to support scheduling and proactive workforce planning or monitoring. It has developed requirements for the new system but has not yet determined the timing of implementation.
- **Windsor:** It has assessed the need for a more efficient scheduling system and implemented a scheduling program and a daily, shift-by-

shift acuity tracker that manages their nursing levels based on patient needs.

- **Rouge:** It has assessed the need for a more efficient scheduling system and implemented an electronic scheduling system. It has also improved the system's communication capabilities by including a Shift Broadcast Notification feature that allows staff to send mass text messages to all units or departments. In addition, it has introduced a centralized staffing office model that allows all departments to review available staff in different areas to help fulfill scheduling needs.
- *more robustly track and analyze nurse overtime and sick leave, and conduct thorough cost/benefit studies to inform decision-making on the use of different types of nursing staff without over-reliance on agency nurses to fill in shortages.*

**Status: All three hospitals: Fully implemented.**

### Details

Our 2016 audit found that many of the nurses in the hospitals we visited consistently worked significant amounts of overtime. We also found that the number of nurse sick days was on the rise.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** It has implemented additional due diligence for using overtime and agency nurses by requiring formal approval by Director. It has also begun issuing weekly reports to managers on overtime, sick leave and the use of agency nurses. In addition, it has examined nursing staffing ratios for all clinical areas, which are in line with the staffing ratios of peer hospitals.
- **Windsor:** It has engaged an external expert to review the staffing mix across all its patient care areas. It has also benchmarked its cost performance to peer hospitals, and plans to review this annually. As part of this benchmarking, it has reviewed and analyzed its

staffing mix, sick time and overtime. It does not use any agency nurses.

- **Rouge:** It has developed a quarterly scorecard for a senior management team to review the use of overtime, sick leave and agency nurses. It also requires Director or Vice President approval for any use of overtime or agency nurses. As well, it has used the Registered Nurse/Registered Practical Nurse Utilization Tool kit and the Patient Care Needs Assessment Tool to analyze the nursing care needs at an in-patient unit.

## Protection of Patients and Their Personal Health Information Needs Improvement

### Recommendation 16

*To ensure the safety of patients and that their personal health information is safeguarded, hospitals should have effective processes in place to:*

- *perform criminal record checks before hiring new employees, and periodically update checks for existing staff, especially those who work with children and vulnerable patients;*

**Status: Trillium Health Partners: In the process of being implemented by the end of December 2019.**

**Windsor Regional Hospital: Fully implemented.**

**Rouge Valley Health System: Fully implemented.**

### Details

Our 2016 audit found that hospitals in British Columbia required every individual who works with children or vulnerable adults to undergo a criminal record check before hiring, and at least once every five years from then on. In contrast, Ontario hospitals did not have a similar legal requirement.

During our follow-up, we noted that the Ontario Hospital Association produced a document in July 2017 to guide hospitals when developing a criminal reference check program or enhancing an existing

program. We also noted the following actions taken by the hospitals:

- **Trillium:** It has developed a Criminal Reference Check Project Plan to perform criminal record checks on new hires and current employees. At the time of our follow-up, internal policy development was under way to support the phased implementation of criminal record checks by the end of December 2019.
- **Windsor:** It has implemented criminal record checks for all new employees, volunteers and professional staff. It also requires all existing employees to provide updated information if they have been subject to criminal charges or convictions after initial employment criminal checks.
- **Rouge:** It has implemented a Criminal Background Checks Policy effective January 1, 2017, that requires a satisfactory background check for all new board members, employees, physicians and volunteers. The Policy also requires all existing members of the workforce and contractors to submit a self-reporting form within two weeks of being formally charged with, or found guilty of, a criminal offence in any jurisdiction.
- *deactivate access to all hospital information systems for anyone no longer employed by the hospital;*  
**Status: All three hospitals: Fully implemented.**

### Details

Our 2016 audit found weaknesses in the protection of patients and their personal information on computer systems. For example, we found active computer accounts for people no longer employed, delays in notifying the IT department about staff changes, and multiple computer accounts for some employees for no justifiable reason.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** It has conducted a monthly audit to reconcile system accounts against individuals who have left the hospital to ensure that those accounts are closed. Its Human Resources and IT staff have also worked with managers to reduce the time between employee termination date and notification to Human Resources.
- **Windsor:** It has implemented a new process, called Active Directory Automation, through which any staff terminations made by its Human Resources department will automatically create a ticket to notify system managers. In addition, it has performed quarterly audits to validate if terminations have been completed.
- **Rouge:** It has developed a Service Access Request form to handle all staff terminations and deactivate terminated staff access to all hospital information. As a safeguard, its Human Resources department also sends a bi-weekly termination list to the IT team to ensure that all systems have been updated.

- *where appropriate, implement adequate automatic logout functions for computers and any information systems containing patient information;*

**Status: Trillium Health Partners:  
Fully implemented.**

**Windsor Regional Hospital: In the process of being implemented by December 2018.**

**Rouge Valley Health System: Fully implemented.**

#### Details

Our 2016 audit found cases where hospital computers had no automatic logout function, and a key application containing personal health information was programmed to log out automatically only after 12 hours of inactivity.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** It has implemented automatic logout after 30 minutes.
  - **Windsor:** It was in the process of implementing a four-hour timeout process, which is expected to be completed by December 2018.
  - **Rouge:** It has implemented automatic logout functions at two levels: 1) operating system, which is set to logout after 30 minutes for most workstations; and 2) application, which varies according to the functionality offered by each vendor.
  - *encrypt all portable devices, such as laptops and USB keys, used by hospital staff to access patient information.*
- Status: All three hospitals: Fully implemented.**

#### Details

Our 2016 audit found cases where the hospitals had either no controls in place to prevent employees from using unencrypted USB keys or no process in place to manage USB keys.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** It had already encrypted all its portable devices, including the USB keys, at the time of our 2016 audit, and has continued to do so.
- **Windsor:** It completed its encryption policies in May 2018 and has encrypted all portable devices, including USB keys.
- **Rouge:** It enforces encryption of all hospital-provided devices, including portable devices such as mobile phones, laptops, notebooks, and USB keys.

## Patients at Risk from Poorly Maintained Medical Equipment

### Recommendation 17

*To ensure medical equipment functions properly when needed, and that both patients and health-care workers are safe when equipment is in use, hospitals should:*

- *maintain a complete inventory of medical equipment, with accurate and up-to-date information on all equipment that requires ongoing preventive maintenance;*

**Status: All three hospitals: Fully implemented.**

#### Details

Our 2016 audit found cases where not all medical equipment was part of the hospital's preventive maintenance program and the hospital's preventive maintenance database was outdated.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** It has completed an inventory update by walking through every patient room and department to ensure that all medical devices have been entered into the database. It has introduced a new policy and procedures for inspecting and entering new medical devices into the database, and retiring medical devices from the database when they are no longer in the hospital. To maintain the accuracy of the database, its Biomedical Engineering department has sent a memo to remind staff to inform the Biomedical Engineering department when new devices are purchased or when the location of devices changes.
- **Windsor:** It has maintained a complete inventory of medical equipment by conducting an annual review of inventory during capital planning. During the annual review, the Biomedical Engineering Manager meets with the manager of each patient care area and reviews the inventory items. Inventory data is then updated in the Biomed Database System.
- **Rouge:** It has maintained a complete inventory of medical equipment and included such information in the Biomedical Engineering department's Computerized Maintenance Management System database. It has also performed a review of the equipment main-

tenance management plan to ensure accurate and up-to-date information on all equipment.

- *perform preventive and functional maintenance according to manufacturers' or other established specifications, and monitor maintenance work to ensure that it is being completed properly and on a timely basis;*

**Status: All three hospitals: Fully implemented.**

#### Details

Our 2016 audit found that some high-risk medical equipment was not being regularly serviced and maintained according to schedule, service manuals or hospital policy.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** It has a preventive maintenance program in place for all critical medical devices based on manufacturer recommendations and best practices. It has continued to perform annual audits to ensure that preventive maintenance has been completed on time. The latest audit was completed in November 2017.
- **Windsor:** Its preventive maintenance is scheduled on a medical device once it is received. A checklist is created that highlights all the tests outlined in the service manual. These tests are then checked off during each scheduled preventive maintenance. If there is a failure during preventive maintenance, corrective work is completed and another preventive maintenance is performed to ensure the medical device passes. The Biomedical Engineering Manager has daily meetings with the Lead Biomed to determine preventive maintenance compliance, shortfalls and/or challenges. A weekly automated preventive maintenance compliance report is generated and reviewed by the Biomedical Engineering Manager to ensure timelines are being met.
- **Rouge:** For Rouge's Centenary site (now Scarborough and Rouge Hospital), it has

assigned a preventive maintenance strategy and schedule to each classification of device and recorded the schedule in a database to monitor inspection progress. The frequency of inspections is determined based on manufacturers' recommendations and other factors such as risk levels, industry standards, utilization, history and past experiences. Preventive maintenance work orders are automatically generated at the beginning of the month by the database and inspection results are recorded in the database. For Rouge's Ajax/Pickering site (now Lakeridge Hospital), its Clinical Engineering department has performed preventive maintenance on all medical equipment. During its merger with Lakeridge Hospital, an audit of all medical equipment was performed where asset numbers were assigned and preventive maintenance schedules were set up based on manufacturers' recommendations (every six months or 12 months) to create a new database for routine and scheduled preventive maintenance.

- *monitor the performance of preventive maintenance staff to ensure equipment is being maintained in accordance with appropriate scheduling.*

**Status: All three hospitals: Fully implemented.**

### Details

Our 2016 audit found that all three of the hospitals we visited missed scheduled preventive maintenance mainly because of incomplete and inaccurate maintenance schedules, insufficient maintenance staff to perform all the necessary work, and a lack of performance-monitoring for preventive maintenance staff.

During our follow-up, we noted the following actions taken by the hospitals:

- **Trillium:** For biomedical equipment, it has reported, on a quarterly basis, the completion rate of preventive maintenance based on

equipment risk classification. For facilities assets, it has reported the preventive maintenance completion rate monthly.

- **Windsor:** It has performed routine semi-annual audits and annual performance reviews to monitor the biomedical engineering technicians who perform preventive maintenance. It has reviewed completed work orders monthly to ensure that each technician has followed manufacturer specifications and completed preventive maintenance as outlined in the service manual. As mentioned above, the Biomedical Engineering Manager has daily meetings with the Lead Biomed to determine preventive maintenance compliance, shortfalls and/or challenges. The Biomedical Engineering Manager reviews a weekly automated preventive maintenance compliance report to ensure timelines are being met. In addition, the Manager generates a monthly metrics report, which outlines preventive maintenance compliance percentages and other key performance indicators, and shares it with Directors to check the status of preventive maintenance compliance and address challenges.
- **Rouge:** Rouge's Centenary site (now Scarborough and Rouge Hospital) has maintained inspection schedules and results in a database to monitor the progress and performance of inspection staff. It also affixes a yellow sticker on all medical equipment to indicate that it has undergone planned inspection and to show the next inspection date. Items that cannot be found are referred to clinical staff for help to locate them. Rouge's Ajax/Pickering site (now Lakeridge Hospital) has implemented a new preventive maintenance system to monitor the maintenance schedule and staff performance. It has also assigned a manager to review outstanding maintenance work monthly.

# Chapter 1

## Section 1.09

# Metrolinx—Public Transit Construction Contract Awarding and Oversight

Follow-Up on VFM Section 3.09, 2016 Annual Report

| RECOMMENDATION STATUS OVERVIEW |                                |                               |                                    |                          |                            |                         |
|--------------------------------|--------------------------------|-------------------------------|------------------------------------|--------------------------|----------------------------|-------------------------|
|                                | # of<br>Actions<br>Recommended | Status of Actions Recommended |                                    |                          |                            |                         |
|                                |                                | Fully<br>Implemented          | In Process of<br>Being Implemented | Little or No<br>Progress | Will Not Be<br>Implemented | No Longer<br>Applicable |
| Recommendation 1               | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 2               | 2                              | 1                             | 1                                  |                          |                            |                         |
| Recommendation 3               | 2                              | 2                             |                                    |                          |                            |                         |
| Recommendation 4               | 2                              | 1                             |                                    |                          |                            | 1                       |
| Recommendation 5               | 2                              | 2                             |                                    |                          |                            |                         |
| Recommendation 6               | 3                              | 1                             | 2                                  |                          |                            |                         |
| Recommendation 7               | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 8               | 3                              | 1                             | 2                                  |                          |                            |                         |
| Recommendation 9               | 2                              | 1                             |                                    |                          | 1                          |                         |
| Recommendation 10              | 2                              |                               | 1                                  |                          | 1                          |                         |
| Recommendation 11              | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 12              | 3                              | 1                             | 2                                  |                          |                            |                         |
| Recommendation 13              | 4                              | 3                             | 1                                  |                          |                            |                         |
| Recommendation 14              | 2                              |                               | 2                                  |                          |                            |                         |
| Recommendation 15              | 5                              | 3                             | 2                                  |                          |                            |                         |
| Recommendation 16              | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 17              | 2                              |                               | 1                                  |                          | 1                          |                         |
| <b>Total</b>                   | <b>38</b>                      | <b>20</b>                     | <b>14</b>                          | <b>0</b>                 | <b>3</b>                   | <b>1</b>                |
| <b>%</b>                       | <b>100</b>                     | <b>53</b>                     | <b>37</b>                          | <b>0</b>                 | <b>8</b>                   | <b>2</b>                |

## Overall Conclusion

As of July 23, 2018, 53% of the actions we recommended in our *2016 Annual Report* have been fully implemented, while 37% were in the process of being implemented, 8% will not be implemented and 2% are no longer applicable.

Overall, Metrolinx has made progress on a number of our recommendations, including:

- implementing a new technical compliance review process to review consultants' designs for errors and omissions;
- completing implementation of its vendor performance management program that measures and manages the performance of vendors and incorporating the vendors' performance when evaluating their submissions for new contracts; and
- establishing a new project performance process where project teams are required to report monthly on the health and status of their projects, including identifying any risk of cost overruns and the likelihood of recovering these costs from the consultants/contractors.

However, some significant areas still require work, including:

- developing cost recovery guidance for costs incurred by Metrolinx as a result of design consultants' errors and omissions;
- training staff on warranty provisions stipulated in the construction contracts to ensure they have sufficient knowledge and understanding to administer these provisions; and
- completing an assessment of its contract management practices with Canadian National Railway (CN) and Canadian Pacific Railway (CP) contracts to ensure that costs paid are reasonable and relate only to contracted work.

The status of actions taken on each of our recommendations is described in this report.

## Background

Metrolinx is an agency of the Ministry of Transportation responsible for operating a network of train and bus routes across more than 11,000 square kilometres (km) in the Greater Toronto and Hamilton Area. Valued at \$13.6 billion (\$11 billion in 2016), Metrolinx uses about 680 km of railway track on seven train lines, 66 train stations and 15 bus terminals. In total, about 69 million passenger boardings occur annually on Metrolinx vehicles.

Metrolinx was established in 2006 as a planning agency, and then merged in 2009 with GO Transit (GO), which had been operating the regional transit system since 1967. With this merger, Metrolinx became responsible for operating, maintaining and expanding GO's network of trains and buses.

In the last five years, Metrolinx spent about \$9.9 billion on 596 construction projects (compared to \$7.5 billion on 520 projects in the five years prior to our 2016 audit). The average cost of these projects was about \$16.6 million. These projects included building new parking lots, expanding GO railway tracks, building tunnels and bridges for trains, and upgrading existing GO stations.

Of the \$9.9 billion Metrolinx spent in the last five years, about \$9.7 billion (97.7%) was on projects where Metrolinx contracted out all of the work. For almost all of these projects, Metrolinx either contracted with a separate company to design the project and a different company to construct it (this is the traditional model for delivery of construction projects) or has used the alternative financing and procurement method, in which the design and construction of the project is with the same consortium of companies.

The other \$231 million (2.3%) of construction dollars Metrolinx spent in that period was paid to Canada's two major railway companies—the Canadian National Railway (CN) and the Canadian Pacific Railway (CP). When GO was first established, it used existing CN and CP track. As

demand for GO train service increased, GO bought as much CN and CP track and surrounding land that it could. When CN and CP would not sell land to GO, GO paid them to construct more track lines on their land and paid them, as per the terms of their agreement, to use the lines. This continued after Metrolinx assumed responsibility for GO. Thus, Metrolinx has had to hire either CN or CP as the sole contractor for these projects on CN and CP land.

Our audit found that Metrolinx did not have adequate processes in place to consistently ensure value for money in its delivery of construction projects. Because of deficiencies noted in its oversight processes around construction contracts, and because of deficiencies we confirmed in a sample of contracts, there was a risk that it was spending more than what was required, and there was a significant risk that this would continue to happen.

Our specific observations were as follows:

- Metrolinx allowed design consultants to produce designs that were not feasible to construct, contained errors, misestimated the quantity of materials required, or omitted specifications—all with no repercussions. In a sample of six projects whose total initial construction costs were over \$178 million, \$22.5 million more had to be spent because of the design consultants' errors and omissions. There were no repercussions in these cases, and Metrolinx did not factor in this poor performance when selecting these design consultants for future projects.
- With the exception of two contractors, Metrolinx did not appear to be addressing problems caused by construction contractors that had a history of poor performance on Metrolinx projects. A contractor might repeatedly be late in delivering work, not construct the project according to the approved design, not follow safety regulations and/or not fix deficiencies on time—yet Metrolinx would hire the contractor for future projects, provided it was the lowest bidder.
- Even though Metrolinx incurred significant costs because of contractors completing projects late (anywhere from four months to 25 months), it seldom took action against contractors who did not deliver on schedule.
- Metrolinx rarely took into account whether contractors breached safety regulations that resulted in unsafe site and working conditions when awarding future contracts. We found that even when a contractor had caused safety issues to the public as well as construction workers, Metrolinx took no action against it, and continued to award it future contracts.
- Metrolinx was not diligent in ensuring that contractors fixed deficiencies in their work in a timely manner. In three-quarters of the projects we reviewed, we noted that contractors took much longer than the industry standard of two months to fix all deficiencies. On average, these contractors took almost eight months to fix outstanding deficiencies.
- Metrolinx allowed contractors to subcontract up to 100% of the work on their projects. Metrolinx had experienced significant issues with sub-trades—to the extent that its staff requested that Metrolinx pre-screen sub-trades to ensure that those with a poor work history did not jeopardize project timelines.
- Metrolinx did not have, in its enterprise management system, a control in place to ensure that payments exceeding approved budgets were approved for overexpenditure. As a result, project staff had to manually keep track of project expenditures to ensure that they were within the budget. However, we found that they were not always doing this properly.
- Metrolinx's projects with CN and CP were costed in one of two ways. With some CN projects, CN provided an estimate of the total costs, and that estimate became the lump-sum amount Metrolinx ultimately must pay for the project. With other CN projects

and almost all CP projects, CN or CP invoiced Metrolinx based on the project's time and materials. In all cases, Metrolinx paid CN and CP without verifying most costs.

- Metrolinx informed us that it sometimes visually inspected railways once they were built, but inspections were not mandatory, and the results of any inspections were not documented.

We made 17 recommendations, consisting of 38 action items, to address our audit findings.

We received commitment from Metrolinx that it would take action to address our recommendations.

## Status of Actions Taken on Recommendations

We conducted assurance follow-up work between April 1, 2018, and July 23, 2018, and obtained written representation from Metrolinx that, effective October 31, 2018, it has provided us with a complete update of the status of the recommendations we made in the *2016 Annual Report*.

The status of actions taken on each of our recommendations and the related actions are described in the following sections.

### Metrolinx Is Not Effectively Addressing the Poor Performance of Design Consultants

#### Recommendation 1

*To ensure that it does not incur excessive costs as a result of consultants' design errors and omissions, Metrolinx should implement policies and procedures for reviewing designs for their accuracy, their constructability, and their inclusion of all specifications.*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we found that Metrolinx rarely took action to hold design consultants

accountable when they produced designs that were not feasible to construct, that were unclear or contained errors, that misestimated the quantity of materials required, or that omitted specifications. The resulting cost from these errors and omissions could be significant. In our review of a sample of construction projects that had experienced cost overruns over the previous five years, we found \$22.5 million of these overruns were the result of design errors and omissions.

Our follow-up found that Metrolinx started a new technical compliance review process in January 2018 to guide the review of designs for both alternative financing and procurement (AFP) and traditionally procured projects. Under this process, Metrolinx project managers are required to work with the Technical Compliance Manager and Technical Compliance Reviewer(s) from the appropriate areas within Metrolinx (for example, from GO Rail Operations, Station Services, Bus Facilities) to review the designs for errors and omissions.

Comments and concerns noted from the review are recorded in a technical compliance review comment log and forwarded to the design consultants for responses. The consultants are required to respond to the comments in the log in preparation for the technical compliance review meeting to discuss the designs. The consultants are also required to update the log based on the discussion from the meeting and update the designs to address any identified concerns. The Technical Compliance Manager will then provide a recommendation to the project manager on whether to accept the responses from the consultants or further revision is needed before accepting the design as proposed by the consultants.

#### Recommendation 2

*Where design errors and omissions are found that result in additional costs to Metrolinx, Metrolinx should:*

- *recover those costs from the design consultant by any means it deems reasonable, including through errors and omissions insurance;*

**Status: In the process of being implemented by November 2018.**

#### Details

During our 2016 audit, we found that Metrolinx rarely attempted to recover cost overruns from the consultants due to errors and omissions in their designs. We found that in a sample of construction projects reviewed, Metrolinx paid \$22.5 million more as a result of design errors and omissions. While Metrolinx's contracts allowed it to recover the cost of design errors and omissions through a claims process with the consultants' insurance company, we noted Metrolinx did not attempt to recover these costs for any of the projects we reviewed.

Since our audit, Metrolinx has issued one claim against one of its design consultants due to errors and omissions on a bus rapid transit station project. This claim was settled with the consultant in April 2018, in which the consultant agreed to fix its errors and omissions under the contract and to fulfil the remainder of scope of services in the contract at no cost to Metrolinx.

Further, on July 3, 2018, Metrolinx formally adopted a new Project Management Policy that requires the project teams to identify any potential cost overruns and the likelihood of recovering design or construction cost overruns due to design errors and omissions in their monthly report on each project in their portfolio. In the event that errors and omissions affecting project performance are identified, project teams are to discuss the prospect of cost recovery with senior management for further action.

Metrolinx is also in the process of developing cost recovery guidance to complement the Project Management Policy to provide more details on expectations for recovering design or construction cost overruns due to design errors and omissions. The target completion date is November 2018.

- *consider the design consultant's performance in the awarding of future business.*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we found there were no repercussions in cases where design consultants delivered poor quality and/or late designs. As well, Metrolinx did not factor in this poor performance when selecting these design consultants for future projects.

Our follow-up found that as of April 2018, Metrolinx had fully implemented its vendor performance management program that measures and manages the performance of vendors. Under this program, the performance of vendors is assessed using a contract performance appraisal scorecard that includes key performance indicators for each of their projects with Metrolinx. Key performance indicators include quality of work performed, compliance with milestones and substantial completion dates, timeliness in resolving deficiencies, and compliance with contract terms and safety requirements.

This appraisal is completed at least twice per contract for short-term contracts and every six months for contracts longer than one year. The results of the appraisals are recorded centrally and a vendor performance rating is calculated for each vendor using the average appraisal scores over the most recent three-year period. A period of three years is used to avoid outdated, less relevant evaluations that may not represent the vendors' ongoing operations and practices.

Competitive procurements starting in April 2018 include the consultant's vendor performance rating in the evaluation of their submissions for new contracts.

#### Recommendation 3

*To ensure that all cost overruns resulting from design consultants' errors and omissions are assessed for potential recovery, Metrolinx should implement policies and procedures that:*

- *enable tracking of cost overruns; and*
- *clearly define the roles and responsibilities of the staff involved in recovering the overruns.*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we found that Metrolinx did not have processes to track cost overruns that were caused as a result of design consultants' errors and omissions. Consultants made errors such as estimating the wrong quantity of material that would be required, or produced vague and unclear designs that led to cost overruns during the construction phase. As well, there were no defined roles and responsibilities regarding who is responsible to review cost overruns to determine whether the overruns could be recovered from consultants' design errors and omissions.

Since our audit, Metrolinx has introduced a new process to review project performance starting in January 2018. Requirements under this process include:

- Project teams are required to provide monthly reports indicating health and status for each project, including scope, schedule, cost and quality of work.
- Monthly meetings are held and chaired by the CEO, Chief Capital Officer (CCO) and Deputy CCO to review project performance; and delivery leads and their project managers are required to address any inquiries from the meetings, including any risk of cost overruns, if any, and the likelihood of recovering these costs.
- An action log is used to track all required actions and associated due dates for completion.
- A monthly exception report that tracks projects at risk of cost overruns and delays is reported to the Investment Panel, chaired by the CFO, for an additional layer of review and guidance on project performance.

As well, in March 2018, Metrolinx completed its restructuring of the group responsible for

delivering capital projects. Project teams now also review:

- actual costs recorded in the projects on a monthly basis;
- detailed expenditure transaction reports, with teams challenging costs as required; and
- each payment prior to being recorded in the system.

These actions are to ensure that invoices cannot exceed the value in the contracts.

Further, on July 3, 2018, Metrolinx adopted a new project management policy. The policy requires the project teams to identify any potential cost overruns and the likelihood of recovering overruns due to design errors and omissions in their monthly report of each project in their portfolio. In the event that errors and omissions are identified, project teams are to discuss the prospect of cost recovery with senior management for further action.

#### Recommendation 4

*To ensure that construction projects are not delayed because of the design consultant's failure to meet project timelines, Metrolinx should:*

- *include contract provisions that allow it to address poorly performing consultants who do not meet project timelines;*

**Status: No longer applicable.**

#### Details

In our 2016 audit, we identified that design consultants were not always meeting timelines because the consultant team lacked the necessary expertise or did not have enough staff to complete the work on time. Metrolinx had limited means in design consultants' contracts to address the issue of missed deadlines. Despite situations where the design consultants had failed to provide professional and timely services, Metrolinx did not hold them financially accountable. The only action Metrolinx could take against late-delivering design consultants was to terminate the contract.

At the time of our follow-up, Metrolinx indicated that the consultant contract templates contain standard clauses, which define Metrolinx's rights to address poor performance by consultants, including failure to meet timelines. These include provisions that allow Metrolinx to seek remedies from the consultant for damages from any breach or threatened breach of their commitments in the contracts, a process for dispute resolution, and the ability to offset any amount owed to the vendor against any amount owed to Metrolinx.

These provisions are essentially unchanged in content since our 2016 audit; however, Metrolinx has changed its internal practices so that these contract provisions and other complementary tools are used more effectively to hold consultants accountable. Starting in March 2018, monthly project review meetings are chaired by the CEO, Chief Capital Office (CCO) and Deputy CCO to review the health and status of capital projects.

With the additional monitoring for earlier identification of potential problems, Metrolinx concluded the design contracts have sufficient provisions that allow Metrolinx to ensure design work is delivered on time. Rather than including new provisions in the contracts to address poor performers, Metrolinx indicated to us that it will develop better operational processes and staff training to ensure better enforcement of the existing rights in the contracts.

- *implement a system where consultants' track record for timeliness is taken into account when hiring them for future projects.*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we found that Metrolinx did not take into account consultants' track record for timeliness when hiring them for future projects.

We found in our follow-up that in April 2018 Metrolinx fully implemented its vendor performance management program, which measures and manages the performance of vendors. The

performance of vendors is assessed using a contract performance appraisal scorecard that includes key performance indicators. We noted that 10 of the 44 indicators include elements of timeliness and compliance with contract schedules and timelines. The management program is discussed in more detail in action item two of **Recommendation 2**. Competitive procurements now include the consultant's vendor performance rating in the evaluation of its submissions for new contracts.

## Metrolinx Rarely Prevents Poorly Performing Construction Contractors from Being Awarded Future Contracts

### Recommendation 5

*To ensure that contractors known to have poor performance do not jeopardize the success and safety of future Metrolinx projects, Metrolinx should implement policies and procedures to:*

- *track contractors' performance in a centralized system;*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we found that Metrolinx did not have a process to identify poorly performing contractors when it was awarding contracts. Metrolinx would hire the contractor for future projects, provided it was the lowest bidder.

In April 2018, Metrolinx fully implemented its vendor performance management program, which is discussed in more detail in action item two of **Recommendation 2**. Metrolinx procured a third-party web portal IT platform to store and manage all vendor performance data and workflows, including Metrolinx's appraisals of vendor performance. The results will be uploaded to the system and the average performance over the last three years will be assessed in the evaluation of a vendor's bid submission for any new contract.

- *incorporate this performance into its decision to award future business with Metrolinx.*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we found that even when a contractor had a history of poor performance on Metrolinx projects, Metrolinx took little action to prevent it from working on future projects. Metrolinx rarely factored reviews of a contractor's references and the contractor's past performance into its decision to award it a contract. Similarly, once Metrolinx put a contractor on its roster of pre-qualified contractors, it did not assess whether the contractor's performance continued to be acceptable.

Since our audit, in April 2018, Metrolinx fully implemented its vendor performance management program, which is discussed in more detail in action item two of **Recommendation 2**.

#### Recommendation 6

*To reduce the risk of jeopardizing worker and public safety because of safety breaches made by the contractor, Metrolinx should implement policies and procedures to address all instances of safety breaches found during safety audits, and all instances of safety incidents by:*

- *requiring contractors to develop remedial plans to ensure that safety breaches or safety incidents do not re-occur;*

**Status: In the process of being implemented by November 2018.**

#### Details

Our 2016 audit noted that Metrolinx audited 25 different projects in the previous three years. In each of the 25 projects, Metrolinx staff found instances of contractors not following safety regulations and procedures. Metrolinx informed us that in each of these instances, the contractor, upon Metrolinx's request, had stopped the unsafe behaviour right away. However, we noted that there were no further follow-up audits to determine whether the

contractor continued to breach safety regulations, nor any repercussions for the contractor for its unsafe actions.

We found in our follow-up that starting in January 2018, Metrolinx required all alternative financing and procurement projects, such as the Eglinton Crosstown Light Rail Transit project, and new construction contracts to provide monthly safety data on their projects for continuous monitoring of safety on the projects. Metrolinx uses this data to develop and evaluate safety trends to identify opportunities for improvement, additional corrective actions and/or scheduling of an audit for the project. Senior management discusses the information at the monthly project performance review meeting.

In addition, the mandate of the construction Health and Safety group at Metrolinx was expanded in March 2018 to include all major construction projects and was approved for an additional 17 staff. The group is also updating the Construction Safety Management Program to include:

- formalizing the requirement for contractors to include a corrective action plan for non-compliance issues identified through inspections, observations or incident reports and for Metrolinx to audit the contractors to ensure corrective actions have been successfully implemented;
- developing a draft compliance audit procedure with the requirement for contractors to provide corrective/remedial action plans to prevent re-occurrence; and
- developing a Construction Safety Management System Framework to replace the current program.

The updates were presented to Metrolinx's Executive Safety, Security, Health and Environment Committee in October 2018 and rollout of the new safety management program is expected by November 2018.

- *implement follow-up audits to verify whether remedial plans have been implemented;*  
**Status: In the process of being implemented by November 2018.**

#### Details

As part of the updates to its construction safety program (discussed above), Metrolinx has developed a draft compliance audit procedure, which includes requiring corrective action plans and follow-up audits where identified hazards are not addressed at the time of the inspection. This draft procedure was part of the package presented to Metrolinx's Executive Safety, Security, Health and Environment Committee in October 2018. Formal implementation is expected by November 2018.

In the meantime, the draft document has been circulated to the Health and Safety staff to prepare for being put in place, and it will include follow-up audits to confirm that remedial plans are completed.

- *take frequent and/or serious safety breaches and incidents into consideration, as part of its contractor performance management system, when awarding future contracts to contractors.*  
**Status: Fully implemented.**

#### Details

During our 2016 audit, we found that although Metrolinx was aware of contractors' safety breaches, the contractors continued to work for Metrolinx without being fined or facing other repercussions. Also, when awarding future contracts, Metrolinx did not take into account whether contractors breached safety regulations.

Since our audit, Metrolinx has fully implemented its vendor performance management program as discussed in more detail in action item two of **Recommendation 2**. We noted that the indicators related to safety must be included in the assessment of performance for the vendors and their weighting in the assessment ranges from 5% for procurement of IT-related services to 20% for construction services. Competitive procurements

starting in April 2018 include the vendor performance rating for consultants in the evaluation of their submissions for new contracts.

## Construction Contractors' Delivering Work Late Results in Additional Costs to Metrolinx—and Inconveniences Commuters

### Recommendation 7

*To ensure that Metrolinx limits its exposure to additional costs and that its customers are not inconvenienced because of contractor-caused delays on construction projects, Metrolinx should incorporate disincentives, such as liquidated damages, in all its construction contracts for situations where contractors fail to meet project timelines.*

**Status: Fully implemented.**

#### Details

We found in 2016 that Metrolinx did not take action against contractors who did not deliver on schedule—even though it incurred significant costs because of contractors completing projects late.

Our follow-up found that Metrolinx sought input from external stakeholders in July 2017 and completed its internal reviews in January 2018 on creating a more consistent approach to including liquidated damages in contracts. Based on the results of the reviews, Metrolinx updated its construction tendering templates in July 2018 to include liquidated damages for failure to achieve substantial performance of the work and milestones, and for train delays and cancellations, track closures, and safety incidents.

The assessment of whether or not to include liquidated damages provisions in the contract templates is discussed during the planning phase of the projects, as well as with the Tender Review Committee, before posting the contract for procurement.

## Metrolinx Is Experiencing Delays with Contractors Not Fixing Deficiencies in Their Work in a Timely Manner

### Recommendation 8

To ensure that deficiencies do not remain unfixed, Metrolinx should:

- include contract provisions that require contractors to fix deficiencies within acceptable industry standards;

**Status: In the process of being implemented by December 2018.**

### Details

During our 2016 audit, we found that Metrolinx experienced delays when contractors did not fix deficiencies in their work that remained outstanding after a project was substantially complete. In 15 out of 20 projects we reviewed, we noted that contractors took much longer than the industry standard of two months to fix all deficiencies. On average, these contractors took almost eight months to fix outstanding deficiencies. We noted that Metrolinx lacked contractual provisions that would allow it to require contractors to fix deficiencies on a timely basis.

Metrolinx informed us during our follow-up that it has updated its contract templates with a new warranty letter of credit to ensure contractors fix deficiencies in a timely manner. All contracts awarded starting in December 2018 will be assessed if this new requirement is applicable for the project.

Under the new requirement, the contractor must submit the letter of credit prior to starting the contract. The value of the warranty letter of credit is 2% of the contract value. If the contractor fails to correct deficiencies within the time allotted in the contract, after substantial performance has been achieved, Metrolinx reserves the right to draw upon the warranty period letter of credit. The letter of credit would be returned after total performance of the work has been achieved.

- take contractors' past performance in fixing deficiencies into consideration, as part of its contractor performance management system, when awarding future Metrolinx business;

**Status: Fully implemented.**

### Details

Metrolinx experiences delays when contractors do not fix deficiencies in their work that remain outstanding after a project is substantially complete. During our 2016 audit, we noted that Metrolinx did not take into account a history of such delays when selecting contractors for future contracts.

Since our audit, Metrolinx has fully implemented its vendor performance management program as discussed in action item two of **Recommendation 2**. We noted that performance indicators that addressed deficiencies are quality of work performed, the amount of reworking required to meet requirements, and the timeliness to resolve deficiencies. Competitive procurements starting in April 2018 include the vendor performance rating for consultants in the evaluation of their submissions for new contracts.

- provide training to staff responsible for administering warranties to ensure they have sufficient knowledge and understanding of all warranty provisions stipulated in the construction contract.

**Status: In the process of being implemented by March 2019.**

### Details

During our 2016 audit, we noted that staff who administered warranties had limited knowledge of how to enforce and administer warranty provisions that were included in the Metrolinx contracts. For example, Metrolinx staff were unaware that deficiencies were covered, under warranty, for a period of two years after they were fixed.

Since our audit, Metrolinx has developed training materials using summaries of key terms and conditions in the contracts, including applicable warranties in the contracts. These materials

will provide staff with an understanding of the warranty provisions and enable them to identify circumstances in which warranty claims should be made. Since February 2018, Metrolinx and a consulting firm have been working on creating a training program that will run 10 sessions from July 2018 to March 2019.

## Metrolinx Allows Contractors to Subcontract up to 100% of Projects Yet Does Not Vet Subcontractors

### Recommendation 9

*To ensure that poorly performing sub-trades do not delay projects, Metrolinx should assess industry best practices of pre-screening sub-trades and consider implementing a policy on pre-screening sub-trades based on industry best practices.*

**Status: Will not be implemented.** The Office of the Auditor General continues to believe that to ensure that performance issues from sub-trades do not delay projects as noted in our 2016 audit, it is important that Metrolinx proactively monitor the sub-trades used by general contractors. In instances where sub-trades are negatively affecting the quality and timelines of projects, Metrolinx should take prompt action against general contractors to remedy the situation as quickly as possible so that projects are not delayed due to failure of the sub-trades.

### Details

During our 2016 audit, we found that Metrolinx allowed contractors to subcontract up to 100% of their work to subcontractors, yet it did not pre-screen the subcontractors for reliability. In addition, staff at Metrolinx had requested that Metrolinx start pre-screening sub-trades to ensure that sub-trades with a poor work history did not jeopardize project timelines. However, we noted that Metrolinx had not implemented such a process.

At the time of our follow-up, Metrolinx indicated to us that industry best practices and standard contract documents of the Canadian Construction Documents Committee make sub-trades the

responsibilities of the general contractor. Metrolinx stated that pre-screening sub-trades transfers risk to Metrolinx. It said it would only in very limited and highly specialized circumstances require the general contractor to work with pre-qualified sub-trades selected by Metrolinx (for example, track and signals maintenance contractors). Therefore, Metrolinx will not be implementing this recommendation.

*To ensure that poorly performing sub-trades do not adversely impact projects, Metrolinx should implement, through its contractor performance management system, a process to hold general contractors accountable for the performance of their sub-trades.*

**Status: Fully implemented.**

### Details

During our 2016 audit, we noted that Metrolinx had limited tools to hold general contractors accountable for the performance of sub-trades. Apart from putting the contractor into default, which can further increase delays and costs, Metrolinx could not hold contractors accountable for poor work of sub-trades.

Since our audit, Metrolinx has fully implemented its vendor performance management program as discussed in action item two of **Recommendation 2**. Key performance indicators that address the performance of sub-trades are included in the vendor performance appraisals. Poor performance by sub-trades will affect the rating for the general contractors that will be used to assess their submissions for future contracts with Metrolinx.

### Recommendation 10

*To ensure that it can protect its rights as an owner and prevent contractors from misusing their right to subcontract, Metrolinx should:*

- *set limits on the total amount of work that contractors can subcontract to any one company;*

**Status: In the process of being implemented by December 2018.**

### Details

During our 2016 audit, we found that Metrolinx allowed contractors to subcontract up to 100% of their work to subcontractors, yet it did not pre-screen the subcontractors for reliability. Also, because Metrolinx did not have a direct contractual relationship with the subcontractors, it was limited in the actions it could take when subcontractors failed to perform at expected levels.

We found in our follow-up that Metrolinx has had internal discussions regarding setting limits on the amount of work that contractors can subcontract to any one company. Metrolinx plans to conduct research with the construction community on what limits would work.

Metrolinx has a working relationship with the Ontario Road Builders' Association and is currently establishing a working relationship with the Ontario General Contractors Association for it to be part of the discussion on this issue. Metrolinx indicated to us that it plans to consult with the industry over the summer of 2018 and finalize a limit by December 2018.

- *include contract provisions that protect its interests in situations where sub-trades and sub-sub-trades are used.*

**Status: Will not be implemented. The Office of the Auditor General continues to support the implementation of this recommendation.**

### Details

During our 2016 audit, we found that Metrolinx allowed contractors to subcontract up to 100% of their work to subcontractors, yet it did not pre-screen the subcontractors for reliability. Also, because Metrolinx did not have a direct contractual relationship with the subcontractors, it was limited in the actions it could take when subcontractors failed to perform at expected levels.

At the time of our follow-up, Metrolinx indicated that industry best practices and standard Canadian Construction Documents Committee contract documents used by Metrolinx require

the general contractor to be responsible for the actions and performance of all levels of sub-trades. Metrolinx stated that it does not need to include any new contract provisions in situations where sub-trades are used because Metrolinx's contractual relationship is only with the general contractor. Therefore, Metrolinx will not be implementing this recommendation.

However, it is important that Metrolinx take prompt action to hold the general contractor accountable for resolving any issues with the sub-trades or sub-sub-trades.

## Metrolinx Accepts Handover of Nearly Completed Projects even though Critical Items Are Still Outstanding

### Recommendation 11

*To ensure that projects can be safely and successfully operated once substantially complete, Metrolinx should develop and implement the use of a substantial completion checklist requiring, at a minimum, that critical items needed to operate the project and ensure commuter safety have been completed or received prior to Metrolinx issuing a certificate of substantial completion.*

**Status: Fully implemented.**

### Details

We found in our 2016 audit that Metrolinx did not require that all essential elements of a project be completed before it took ownership of the project from the contractor. We noted that Metrolinx did not specify which items must be completed before handover. We also noted that Metrolinx took ownership of some projects well in advance of the contractor completing basic work necessary for the operation of the structure or facility.

In December 2017, Metrolinx approved and implemented a substantial completion procedure and associated checklist to ensure projects can be safely and successfully operated once substantially complete. During our follow-up, it indicated to us

that the checklist provides high-level guidance as to what issues should be verified when validating a vendor's work at substantial completion. It must be used in accordance with applicable handover protocols and standards and contract requirements.

Items on this checklist include safety requirements—such as and completed fireproofing and fire hazard assessments, and completed emergency lighting and closed-circuit television infrastructure—that must be completed before a certificate of substantial completion is issued.

### Recommendation 12

*To ensure that performance issues with both design consultants and contractors can be effectively resolved during the project, Metrolinx should:*

- *issue mandatory work orders to compel consultants or contractors to complete work in the time frame and manner required by Metrolinx;*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we found that although project handover usually occurred when about 98% of project payments were made, some items that were critical to the operation of the structure or facility could still be outstanding at that point.

At the time of our follow-up, Metrolinx indicated that under the current construction and consultant contracts, Metrolinx retains the right to enforce performance of the contract against the contractors. Enforcement for non-performance and non-compliance escalates through meetings and results in letters of instruction, which Metrolinx indicated are equivalent to mandatory work orders, to the contractor.

If consultants and contractors do not fulfil their obligations under the contract, letters of instruction are also used to escalate issues, such as initiating a default into a claim and the subsequent process of resolving the claim through the dispute-resolution process. Regardless of any ongoing dispute with the contractor, the contractor is required to continue

with the work and complete the projects within the terms of the contracts.

- *implement a dispute-resolution process where claims filed by consultants or contractors (that dispute the costs associated with the work order) are reviewed by Metrolinx staff who are independent from the project team;*

**Status: In the process of being implemented by December 2018.**

#### Details

During our 2016 audit, Metrolinx had lacked a process for timely resolution of current and future performance issues with consultants and contractors. We did find that Metrolinx had a process whereby its project team would review claims. However, it did not have a process whereby the reviews could be escalated to Metrolinx staff who were independent from the project team to allow for an independent review of claims and disputes.

Our follow-up found that Metrolinx began to put in place a claims management team in April 2018. It is independent from the project teams to review claims and disputes with the contractors and consultants. This team provides independent reviews of proposed settlement agreements prepared by the project delivery teams, and resolves some of the current challenges with the claims management process. Current challenges include:

- inadequate definition of roles and responsibilities with regard to claims management;
- inconsistent reporting of claims and change management for project staff; and
- lack of consistency in the way contractors, consultants and suppliers provide notification of claims.

The proposed organizational structure for this team is 16 members, made up of seven full-time staff and nine consultants. Metrolinx expects to fully staff this team by December 2018.

- *track the results of all claim reviews in a centralized system.*

**Status:** In the process of being implemented by December 2018.

#### Details

During our 2016 audit, we found that Metrolinx did not centrally track claims filed by consultants or contractors, as well as the results of the claims reviewed.

Since our audit, Metrolinx has been using an Excel-based log to track the claims in a claims register. Metrolinx advised us during our follow-up that the claims register would be transferred by December 2018 to its contract management system, which will allow the data to be reviewed more thoroughly.

### Limitations in the Accounting System Led to Metrolinx Making Payments to Contractors Beyond Projects' Approved Budgets

#### Recommendation 13

*To ensure that only authorized payments are made to contractors within approved or authorized increased budgets, Metrolinx should:*

- *correct its accounting system to ensure that it issues payment only for invoices up to the approved budget and Purchase Order limits;*

**Status:** Fully implemented.

#### Details

We found in our 2016 audit that Metrolinx did not have a control in place that ensured payments exceeding approved budgets had been approved. We found instances where Metrolinx should not have issued a cheque until someone with sufficient authority approved a budget extension. In addition, we found that in the previous five years, out of 7,300 payments Metrolinx made to construction contractors, 4,600—or 63%—were made without being tracked against their assigned Purchase Orders in Metrolinx's accounting system.

Our follow-up found that Metrolinx upgraded its accounting system in July 2017 to require three-way matching to ensure payments are not made in excess of the approved contract or Purchase Order limits. The invoices must be matched by line item to a Purchase Order/contract and the Purchase Order/contract limit.

In addition, on June 1, 2018, Metrolinx created an interface between its contract management system, which tracks invoices and the approved contract budgets, and its accounting system to automatically close out Purchase Orders and contracts once the work is completed on the contracts. This is to prevent any further transactions against those contracts and Purchase Orders. The two systems are synched twice a day.

- *clarify and communicate to staff, who are responsible for manually tracking payments against project budgets, their roles and responsibilities in this regard;*

**Status:** In the process of being implemented by March 2019.

#### Details

During our 2016 audit, we found that Metrolinx had partly relied on a manual control whereby project staff tracked payments against approved budgets. However, there were some significant drawbacks to this manual control, and payments exceeding approved budgets were not caught.

We found during our follow-up that Metrolinx approved a new payment process in January 2017 that clearly states staff's responsibilities around tracking payments against project budgets. As well, Metrolinx has set up a centralized payment processing department to manage the payment process, so that project staff can ensure they do not exceed budgets. An invoice review checklist that was started in February 2014 for the rapid transit capital projects was rolled out to the other capital projects. Staff reviewing the invoices for payments are specifically required to verify that the invoiced amounts to date do not exceed the amounts authorized in the contracts and Purchase Orders.

In addition, Metrolinx began in July 2017 to migrate its major capital projects into a centralized contract management system where payments are measured against contract budgets, removing the need for manual processing of payments. As of July 2018, there were still about \$900 million of capital projects not yet migrated into the system. Metrolinx anticipates this will be done by March 2019.

- *close out the Purchase Order numbers on all completed projects;*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we found that Metrolinx lacked a process to automatically close Purchase Orders when a project is complete. At the time of our audit, unclosed Purchase Orders for completed projects had remaining budgets of about \$4 million.

We found in our follow-up that in December 2016 Metrolinx approved the Contract Completion and Close-out Procedure that defines the process to close Purchase Orders once the work on construction contracts has been completed. As part of the data cleansing process from February 2017 to June 2017, Metrolinx closed out 10,367 Purchase Orders that were deemed to be completed based on parameters, such as the period of time since there was any payment activity or amendments to the Purchase Order, and funds remaining on the contract. This cleansing process will be performed on at least an annual basis with the goal of being performed quarterly.

- *put a process in place to close out future Purchase Orders upon project completion.*

**Status: Fully implemented.**

#### Details

As noted in the preceding action item, in December 2016 Metrolinx approved the Contract Completion and Close-out Procedure that defines the process to close Purchase Orders once the work on construction contracts has been completed.

In addition, effective June 1, 2018, Metrolinx has interfaced its contract management system and accounting system to close out Purchase Orders once the work is completed on the contracts to prevent further transactions against the Purchase Orders. The interface is scheduled to synch twice a day as an automated process to close out Purchase Orders on completed projects.

## Metrolinx Pays CN and CP Without Verifying Most Costs

### Recommendation 14

*To ensure that the costs that Metrolinx pays CN are reasonable and relate only to contracted work, Metrolinx should obtain detailed information to support the lump sums CN estimates and charges and review it thoroughly. The information should include, but not be limited to:*

- *estimated labour hours, which Metrolinx should assess for reasonableness; and*
- *the construction plan, which Metrolinx should assess for the reasonableness of costs such as materials, transportation, subcontracted services and rented goods and services.*

**Status: In the process of being implemented by December 2018.**

#### Details

During our 2016 audit, we found that Metrolinx performed limited review of CN's lump sum construction estimates for reasonableness—these estimates form the basis of milestone payments. Metrolinx paid for CN's labour costs when they were invoiced without knowing the hours of labour behind them, or assessing what the labour hours were for. We also found that Metrolinx paid for CN's subcontractors' and transportation costs without knowing the construction plan behind them, or assessing these costs for reasonableness.

Metrolinx informed us during our follow-up that it initiated a review of its contract management practices for its CN and CP contracts. A consulting

firm was engaged to do this work in June 2018. The scope of work includes:

- compile an inventory of all agreements and amendments held with CN;
- identify existing gaps as compared with leading practices; and
- enhance/develop standard contract management workflows and processes.

This work was completed in August 2018.

In addition to this, Metrolinx has been gathering data and collating all the CN and CP Purchase Orders and related materials to understand what work has been done and the current process that is in place, and this is expected to be completed by October 2018. Taking the results of both the external and internal reviews, Metrolinx expects to have a new contract management process in place by December 2018 that would improve how it manages the CN contracts.

### Recommendation 15

*To ensure that Metrolinx pays only for Metrolinx construction costs actually incurred by CN and CP and that these costs are reasonable, Metrolinx should:*

- *obtain detailed invoices and follow a process to validate each item to ensure its reasonableness;*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we found that Metrolinx had no process for verifying the charges on CN and CP invoices. Rather, Metrolinx simply ensured that actual costs did not surpass original construction estimates, and these estimates were not reviewed for reasonableness. We found if CN's or CP's actual costs came in under the original estimate, CN or CP could still invoice Metrolinx up to the original estimate, even if the work was not done or was done for some other project. We also noted that there were instances where CN charged Metrolinx for work done on track it owned that GO trains never use.

Our follow-up found that in January 2017, Metrolinx developed a new approval and invoice payment process. Under the new process, CN and CP are required to submit invoices with a summary of charges including labour, materials, and equipment costs and all supporting documents. Invoices for progress payments are paid based on percentages outlined in the contracts, and the final invoice is submitted to Metrolinx for payment when work is completed. Metrolinx will audit the work done and issue the final payment only after all deficiencies have been fixed.

For instance, Metrolinx received the final CN invoice for the 2017/18 capital rehabilitation plan in March 2018 and proceeded to cross-check the work based on the estimates and invoiced amounts. A meeting was held on May 30, 2018, to discuss the discrepancies noted, and subsequently a reduction was made on the invoice for work not completed as per the plan. The invoice is expected to be finalized by November 2018.

- *for each project contracted for with CN and CP, assess the reasonableness of labour and materials costs;*

**Status: In the process of being implemented by December 2018.**

#### Details

During our 2016 audit, we found that Metrolinx did not perform detailed reviews of construction estimates by CN and CP. We also found that CN charged significantly higher rates for both material costs and labour costs. Also, for CP, Metrolinx could not determine whether CP projects were overpriced because CP did not provide any breakdown of its construction estimates.

Metrolinx staff informed us during our follow-up that they are reviewing industry benchmarks for the costs of railway work to be used as a baseline to evaluate the costs included in the agreements with CN and CP. This will then guide a third-party assessment of rail costs, and set consistent,

nation-wide schedules and guidelines for work performed by railway companies.

Once this review is completed in December 2018, Metrolinx expects to use this information to negotiate labour and material costs in new agreements with CN and CP.

- *perform audits on CN invoices as allowed under the Metrolinx/CN long-term agreement;*

**Status: Fully implemented.**

#### Details

In our 2016 audit, we found that Metrolinx, under its long-term agreement with CN, had the right to audit all CN invoices for a period of six months after they were issued. However, Metrolinx had not done so.

In January 2017, Metrolinx started a new approval and invoice payment process. Under the new process, once CN submits invoices for payment Metrolinx will inspect the work done and only issue payment after all identified deficiencies have been fixed.

For example, Metrolinx received the final CN invoice for the 2017/18 capital rehabilitation work in March 2018, and Metrolinx engaged a third party to inspect the work. Metrolinx met with CN on May 30, 2018, to discuss the discrepancies noted on the invoice and expects to finalize the invoice by November 2018.

- *negotiate with CP to put in place the ability for Metrolinx to perform audits on CP invoices for all corridors, and perform the audits;*

**Status: In the process of being implemented by December 2019.**

#### Details

During our 2016 audit, we found that Metrolinx could not perform audits on CP invoices for all corridors, as per their agreement.

Since our audit, Metrolinx has clarified the audit rights in all new contracts with CP—only two contracts have been signed in the last two years—

including the ability for Metrolinx or its designated accounting firm to perform audits on CP invoices.

The new contracts contain audit clauses that allow Metrolinx to have access to all relevant books, records, accounts and documentation of CP that are required to confirm the amounts payable under any invoice issued during the term of the agreement and for a period of five years afterward. There is currently no definitive plan to audit CP invoices because the CP work has only recently started; however, Metrolinx anticipates that by December 2019, work will have progressed sufficiently to have meaningful audits.

- *consider placing a Metrolinx inspector at sites where CN and CP are performing construction work for Metrolinx.*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we found that Metrolinx did not ensure that costs it paid CN and CP for projects were actually incurred. As a result, we noted that Metrolinx paid CN and CP for costs not related to Metrolinx projects. For example, our review of a sample of CN invoices for the Lakeshore West GO Train expansion project between 2006 and 2008 found several that related to work CN did on track it owned that GO trains never use.

We found in our follow-up that while Metrolinx has not placed an inspector on site, it has undertaken spot inspections at sites where CN and CP are performing work. Inspections are also done to verify the work is completed when CN and CP submit invoices for payment.

The scope of the inspections is to inspect those sites, report on the conditions found at the sites, and verify the consistency between the track upgrades outlined in the agreement and the actual constructed track/switches. In addition, Metrolinx introduced three formal templates for inspection work; these were created in February, October and November 2016. In the last two years, Metrolinx completed 68 inspections of CN and CP work sites.

## Metrolinx Does Not Require Verification that CN and CP Have Used New Construction Materials when Projects Call for Them

### Recommendation 16

*To ensure that it receives the quality of material it pays for on all its construction projects, Metrolinx should implement an independent inspection process.*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we found that Metrolinx had become aware that CN likely used recycled parts on a GO project but charged it for new parts. During the audit, Metrolinx informed us that its staff might sometimes visually inspect railways once they were built, but such a process was not mandatory, nor were its results documented.

In our follow-up, Metrolinx stated it has undertaken spot inspections at sites where CN and CP are performing work and inspections of work completed where either CN or CP had submitted invoices for payment. The inspections carried out at the sites verified the quality of material and actual work performed, such as track upgrades and constructed track/switches. In addition, as mentioned under **Recommendation 15**, Metrolinx introduced three formal templates for inspection work. In the last two years, Metrolinx completed 68 inspections of CN and CP work sites.

## Metrolinx Pays CN and CP Excessive Mark-Up Rates

### Recommendation 17

*To ensure that Metrolinx does not pay excessive construction costs to CN and CP, it should:*

- *renegotiate its long-term master agreement with CN so that mark-up rates are more in line with industry benchmarks;*

**Status: In the process of being implemented by May 2019.**

#### Details

During our 2016 audit, we found that the mark-up rates CN could charge on top of labour and materials costs exceeded industry benchmarks. We noted that Metrolinx had not renegotiated these high mark-up rates in recent years—it had last amended them only in 2003 as part of a restructure of its long-term agreement.

Since our audit, at the end of June 2018, Metrolinx completed an internal review of the agreement to identify potential updates, including proposed amendments to the commercial terms of the agreement. Items identified for potential amendments include processes that will allow it to better exercise oversight and detail the breakdown of contract rates.

As well, Metrolinx engaged an external firm to perform an independent assessment of the agreement to identify opportunities for improvement to the contract terms. This assessment was completed in July 2017, and it identified 13 areas for improvement to enhance contractor performance, contract management practices and contractual outcomes of negotiations with CN. These include implementing:

- a contractor performance management framework—to define a process for how CN's performance will be monitored;
- an invoicing process—to define how invoices will be prepared, issued and reviewed, including what supporting information is needed; and
- a change management process—to include guidelines for how changes are managed and negotiated, including appropriate authorization steps and documentation requirements.

Based on the internal review and independent assessment of the contract, Metrolinx is developing a list of potential updates to the master agreement, including proposed amendments to the commercial terms, such as the mark-up rates. Metrolinx anticipates that negotiations with CN will begin in early 2019.

- *negotiate an agreement with CP to ensure that estimates outline all costs in detail and that all mark-up rates are in line with industry benchmarks.*

**Status: Will not be implemented. The Office of the Auditor General continues to believe that to ensure CP costs and mark-up rates are in line with industry benchmarks, it is important that Metrolinx require CP to provide detailed cost estimates for Metrolinx to review before signing any future contracts with CP.**

#### Details

During our 2016 audit, we found that CP did not have a long-term construction agreement with Metrolinx. Therefore, there was no set understanding between Metrolinx and CP as to how construction projects should be costed, and what mark-ups were acceptable. CP also did not always disclose mark-up rates it charged Metrolinx. This made it difficult for Metrolinx to assess whether CP's costs were reasonable and fair, and whether the mark-up rates they charged were in line with industry standards.

Since our audit, contracts for work between Metrolinx and CP continue to be negotiated on a

project-by-project basis, with no long-term construction agreement in place. In the last two years, Metrolinx has executed two construction agreements with CP, and the terms of the agreements state Metrolinx will pay direct costs and reasonable indirect charges incurred by CP.

At the time of this follow-up, Metrolinx had no plans to negotiate a long-term construction agreement with CP because the volume of work required on CP lands is not the same as on CN lands. Metrolinx will continue to use template agreements (including a construction agreement) with mostly standard terms as the starting point for each project on CP lands. Metrolinx stated that this provides the benefit of a master agreement, which has consistency and standardization, and a contract that can be customized to reflect the specific requirements of each project. The construction template does require CP to provide a breakdown of the estimated costs of the CP work (including applicable overhead and surcharges and whether such work will be done by contractors or by CP's own workforce) to Metrolinx prior to starting work. This enables Metrolinx to review the contract and negotiate with CP if the estimate is problematic.

## Chapter 1

### Section 1.10

# Ministry of Transportation— Road Infrastructure Construction Contract Awarding and Oversight

Follow-Up on VFM Section 3.10, *2016 Annual Report*

| RECOMMENDATION STATUS OVERVIEW |                                |                               |                                    |                          |                            |                         |
|--------------------------------|--------------------------------|-------------------------------|------------------------------------|--------------------------|----------------------------|-------------------------|
|                                | # of<br>Actions<br>Recommended | Status of Actions Recommended |                                    |                          |                            |                         |
|                                |                                | Fully<br>Implemented          | In Process of<br>Being Implemented | Little or No<br>Progress | Will Not Be<br>Implemented | No Longer<br>Applicable |
| Recommendation 1               | 2                              | 1                             | 1                                  |                          |                            |                         |
| Recommendation 2               | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 3               | 5                              | 3                             | 1                                  |                          | 1                          |                         |
| Recommendation 4               | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 5               | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 6               | 2                              | 2                             |                                    |                          |                            |                         |
| Recommendation 7               | 4                              | 1                             |                                    | 3                        |                            |                         |
| <b>Total</b>                   | <b>16</b>                      | <b>10</b>                     | <b>2</b>                           | <b>3</b>                 | <b>1</b>                   | <b>0</b>                |
| <b>%</b>                       | <b>100</b>                     | <b>63</b>                     | <b>12</b>                          | <b>19</b>                | <b>6</b>                   | <b>0</b>                |

## Overall Conclusion

As of August 14, 2018, 63% of the actions we recommended in our *2016 Annual Report* had been fully implemented, while 12% were in the process of being implemented. There had been little or no progress on 19% of the recommended actions, and 6% will not be implemented.

Overall, the Ministry of Transportation (Ministry) has made progress on a number of our recommendations including suspending bonuses for asphalt mix properties and compaction; implementing a new process whereby the Ministry has custody and control of the asphalt samples for testing for all contracts; replacing the Quality Verification Engineers' certification process with an acceptance review process led by Ministry staff

and/or consultants retained by the Ministry to perform verification activities; and incorporating the Extended Aging test into its testing methodology.

However, some significant areas still require work, including establishing appropriate penalties for contractors with unsatisfactory ratings; incorporating stricter rules for excluding contractors from bidding if they breach safety regulations; and establishing appropriate penalties for contractors that report inaccurate financial information to the Ministry.

The status of actions taken on each of our recommendations is described in this report.

## Background

The Ministry of Transportation (Ministry) is responsible for the construction and maintenance of provincial highway and bridge infrastructure, which is valued at \$82 billion. It consists of about 40,000 km of highway lanes covering a distance of about 17,000 km, and almost 5,000 bridges and culverts.

The Ministry enters into construction contracts for work either to fix existing infrastructure in order to continue using it or to build new infrastructure to expand capacity. The road network, most of which was originally built by the 1990s, requires considerable ongoing maintenance. At the time of our follow-up, the Ministry expected to spend about \$14 billion (similar to 2015/16) over the next 10 years for road and bridge rehabilitation and about \$3 billion (\$4 billion in 2015/16) for road and bridge expansion.

In the past five years, the Ministry awarded about 727 large construction contracts (worth more than \$1 million each) totalling about \$7.6 billion. (In the five years prior to our 2016 audit, the Ministry had awarded about 600 contracts totalling \$5.5 billion.) These contracts were for projects such as re-paving sections of highways, expanding highways, building new bridges or fixing

existing bridges. The average contract was valued at \$10.5 million (\$9.1 million in 2015/16). The Ministry also awarded about 1,170 minor construction contracts totalling about \$530 million (1,450 contracts totalling about \$580 million in 2015/16). Minor work usually involved less significant repairs on existing structures. The average value of these contracts was about \$450,000 (\$400,000 in 2015/16).

The road construction industry in Ontario is mainly represented by two groups: the Ontario Road Builders' Association (ORBA) and the Ontario Asphalt Pavement Council formerly Ontario Hot Mix Producers Association (OHMPA). They consult with the Ministry on technical matters and lobby on behalf of their members' interests.

Some specific observations in our 2016 audit included:

- We identified highway projects in all regions of the province where pavements had to be fixed for cracks much earlier than their expected life of 15 years—and some as early as only one year after the highway was open to the public. This led to the Ministry paying millions of dollars for early repair work.
- The Ministry studied two tests that would allow it to detect, before asphalt was laid, whether pavement was likely to crack early—both tests were required in combination to understand whether pavement will crack early. Rather than implementing these new tests as soon as they were validated in 2007, the Ministry waited five years to use one of them—and still was not using the other one across all contracts nine years later. The Ministry informed us that decisions such as using these tests were discussed and determined through a Joint Pavement Committee made up of OHMPA and Ministry staff. This, in essence, allowed the Ministry's suppliers to determine the quality of materials they would supply, even though premature cracking would result in additional revenue for the

industry as a whole and incur additional costs for taxpayers.

- In 2012, the Ministry paid contactors about \$8.8 million in bonuses for providing the quality of asphalt specified in contracts. It had continued to pay roughly the same amount of bonuses since then (although in 2013 it stopped tracking the amounts paid). However:
  - The Ministry had been aware since 2000 of quality issues surrounding asphalt, and had neither addressed its concerns about premature cracking in a timely manner, nor changed its bonus-payment practices.
  - Contractors had the opportunity to tamper with asphalt samples to obtain bonuses. The Ministry was aware of sample-switching but had neither investigated it to impose fines nor established controls to ensure that sample-switching did not occur.
- ORBA influenced internal Ministry policy in its favour, including the following:
  - **A Ministry policy changed to allow contractors to delay paying fines; some fines are now uncollectible.** With this change in policy, contractors were able to postpone paying a total of about \$6 million in fines for up to four years. During those four years, two contractors went bankrupt; the Ministry will never be able to collect the \$660,000 in late fines they owed.
  - Upon the industry's requests, the Ministry removed a contract clause in 2015 that had given the Ministry the ability to exclude litigious contractors from bidding on future contracts. Ministry records show that between 2007 and 2015, contractors filed 12 lawsuits. Prior to 2007, lawsuits were virtually non-existent.
- **Engineers who certify structures are built correctly were hired by the contractor, and had provided false certifications.** The Qual-

ity Verification Engineers (QVEs) were hired by, worked for and reported directly to the contractors. We noted that Ministry regional staff had identified instances across the province where QVEs provided erroneous or misleading conformance reports to the Ministry.

- The Ministry did not effectively penalize contractors that had serious performance issues, and allowed them to bid on future contracts. Contractors that had received unsatisfactory ratings were allowed to continue to bid on and had been awarded significant amounts of work for the Ministry. As well, the Ministry paid to repair some contractors' substandard work even when the work was to be covered by the contractors' warranty.
- **The Ministry awarded new projects to contractors that had breached safety regulations.** Rather than imposing monetary fines for unsafe work, the Ministry's penalty process was intended to reduce the amount of future work a contractor could bid on. However, we noted that in seven such infractions we examined, none of the penalties were large enough to prevent contractors from bidding on Ministry projects. This was because the ceiling amount (the maximum amount a contractor could bid on for a contract) was not reduced enough by the penalty to impact any future bids by the contractor.

We made seven recommendations, consisting of 16 action items, to address our audit findings.

We received commitment from the Ministry that it would take action to address our recommendations.

## Standing Committee on Public Accounts

On May 17, 2017, the Standing Committee on Public Accounts (Committee) held a public hearing on our 2016 audit. In December 2017, the Committee tabled a report in the Legislature resulting from this hearing. The Committee endorsed our findings

and recommendations, and made 11 additional recommendations. The Ministry reported back to the Committee in February 2018 on some of the recommendations and committed to provide further responses as the information became available. The Committee's recommendations and our follow-up on its recommendations (with assurance work done by us up to August 14, 2018) are found in **Chapter 3, Section 3.07** of this volume of our *2018 Annual Report*.

## Status of Actions Taken on Recommendations

We conducted assurance work between April 1, 2018, and August 14, 2018, and obtained written representation from the Ministry of Transportation (Ministry) that, effective October 31, 2018, it has provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

### Poor-Quality Asphalt Contributes to Additional Costs to Taxpayers for Repairs and Inconvenienced Drivers

#### Recommendation 1

*To ensure that cracks on highways are minimized and that highways can remain problem-free for the duration of their expected life cycle, the Ministry of Transportation should:*

- *review the practice of paying bonuses to contractors for providing asphalt that meets contract specifications;*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we found that the Ministry paid contractors bonuses when the asphalt they used on highways met the Ministry's require-

ments—something contractors are always expected to do. In 2012, the Ministry paid contractors about \$8.8 million in these bonuses. As of the time of our audit, it had stopped tracking the amounts paid since 2012 because of increased workload and lack of time, but given that bonuses were calculated on the price of asphalt, which had increased by about 8% since 2012, it was reasonable to estimate that yearly bonus payments had continued to total at least \$8.8 million.

Since our audit, the Ministry completed a review of its payment practices and specifications for asphalt, and implemented the following changes effective March 2017:

- suspended bonuses for asphalt mix properties and compaction; and
- increased the specification requirements for pavement compaction and pavement smoothness.

However, the Ministry is continuing to pay a bonus for pavement smoothness, but has raised by eight percent the minimum requirement for contractors to be eligible for the bonus. The Ministry noted that it is continuing this bonus because pavement smoothness is a critical factor that benefits the traveling public, improves the environment and extends the life of the road.

- *assess whether contract amounts should be withheld when all contract specifications are not met.*

**Status: In the process of being implemented by December 2018.**

#### Details

During our 2016 audit, we identified highway projects in all regions of the province where pavements had to be fixed for cracks much earlier than their expected life of 15 years—and some as early as only one year after the highway was open to the public. We were able to examine the repair costs for five highway projects where the cost of premature cracking was tracked, and we noted that the Ministry paid \$23 million to repair these highways

on top of the \$143 million originally paid to pave them. The highways had to be repaired just one to three years after the pavement had been laid.

Since our audit, in March 2017, the Ministry changed the requirements for several specifications, including increasing the minimum amount that asphalt must be compacted, and reducing the amount of ash that the asphalt can contain. Failure to meet the new requirements will result in payment reductions or rejection of the pavement. According to the Ministry's research, the increase in asphalt compaction is expected to increase the pavement life by 10% to 30% while the 25% reduction in recycled engine oil as determined by the ash content will decrease the risk of cracking during cold temperatures, further increasing the life of the pavement.

In July 2017, the Ministry also completed a jurisdictional scan involving 49 road authorities from Canada and the United States. At the time of our follow-up work, the Ministry was reviewing the asphalt specifications from these jurisdictions in order to identify best practices that could be applied in Ontario. The Ministry intends to complete this review and assess by December 2018 whether further changes are needed to the way in which payments are made under the contracts.

## Ministry Agreed to the Asphalt Industry's Requests to Delay Implementing Tests that Would Identify Asphalt Likely to Crack Prematurely

### Recommendation 2

*To identify poor-quality asphalt before it is laid on highways, the Ministry of Transportation should immediately incorporate the Extended Aging test into its standard testing methodology for asphalt.*

**Status: Fully implemented.**

### Details

Our 2016 audit found that the Ministry had studied extensively two tests that would allow it to detect,

before asphalt was laid, whether pavement was likely to crack early—both tests are required in combination to understand if pavement will in fact crack early. But rather than implementing these new tests as soon as they were validated in 2007, the Ministry waited five years to implement one of them—and still had not implemented the other one across all contracts nine years later.

Since our audit, for all contracts tendered after March 1, 2017, the Ministry has implemented the Extended Aging test, and has reduced by 25% the amount of recycled engine oil it allows to be used in asphalt. In addition, the Ministry has incorporated another test known as the Double Edge Notch Tension (DENT) test in all contracts since March 2017. Previously, this test was done only on select pavement projects. This test is also used for determining the acceptability of asphalt cement because it assesses the asphalt's ability to stretch and resist cracking.

## Ministry's Internal Operational Policies Changed to Benefit the Ontario Road Builders' Association

### Recommendation 3

*In developing internal policy, the Ministry of Transportation should ensure that decisions made are in the best interest of all Ontarians. In this regard, the Ministry should:*

- *evaluate industry best practices on the collection of liquidated damages and determine whether to re-implement its original policy of collecting liquidated damages at the field level to be in line with industry best practices;*

**Status: Fully implemented.**

### Details

Our 2016 audit found that, since 2011, the Ministry had agreed to a change in its policy to allow contractors to delay paying fines if the contractor wanted to contest the fine. We noted

that other provinces such as Alberta, British Columbia and Quebec collect fines immediately then issue a refund if the dispute is resolved in the contractor's favour.

Since our audit, the Ministry assembled an independent expert panel of senior construction and engineering officials from across Canada, including British Columbia, Alberta, Saskatchewan, New Brunswick and Nova Scotia. The panel members had extensive experience in engineering construction and contracting.

With respect to liquidated damages, the panel was asked to consider if the Ministry's practices were consistent with other Canadian jurisdictions, if practices were fair, and if other provisions should be added to future contracts. The panel completed its report on March 14, 2018, and concluded that the existing process of deducting liquidated damages is fair and equitable.

The panel recommended that the Ministry continue its existing practice of setting the value of the liquidated damages based on estimates of direct costs specific to each contract, and continue with the practice of clearly identifying the value of liquidated damages in the contract tender documents so contractors are aware at the time of bidding.

The panel also recommended that liquidated damages be deducted from contract payments by the Ministry following the expiration of the time allowed under the contract, rather than at contract completion or substantial performance (when the work is nearly, but not totally, complete). This is in order to minimize the risk of the Ministry being unable to collect liquidated damages, and to minimize the administrative burden associated with tracking and collecting liquidated damages.

The Ministry's operations management team, consisting of senior managers from the regional and provincial offices, completed its review and consideration of the recommendations the panel made in its report in July 2018 and agreed with the recommendations. As a result, the Ministry will issue a Provincial Construction Memorandum to

confirm and clarify the process for calculating and collecting liquidated damages.

- *re-incorporate the provision for excluding highly litigious contractors from bidding on further contracts, and appropriately exercise it when needed;*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we noted that, prior to 2015, the Ministry could prohibit contractors that filed multiple lawsuits against the Ministry that it deemed to be frivolous from bidding on future contracts. Lawsuits considerably add to the workload of Ministry staff and to legal costs for the Ministry. Upon the industry's requests, the Ministry removed the contract clause in 2015 that had given the Ministry the ability to exclude litigious contractors from bidding on future contracts.

Since our audit, as noted under the previous action item, the Ministry assembled an independent expert panel to provide advice on administrative and contracting practices. On the issue of litigious contractors, the panel was asked to consider whether the Ministry should re-incorporate the provision for excluding litigious contractors from bidding on future contracts.

The panel recommended that the Ministry retain a clause in the tender document to allow it to reject the lowest bidder on specific grounds, such as avoiding potentially high legal costs related to defending against possible subsequent legal actions if the contract was awarded to a litigious contractor. However, the panel did not see a strong rationale for including a clause that would automatically prohibit any tender from a contractor that has been involved in legal proceedings against the Ministry. The panel noted that automatically excluding a contractor on such grounds has been generally less defensible in court than rejecting such contractors' bids as they have been submitted.

The Ministry's operations management team, consisting of senior managers from the regional

and provincial offices, completed its review and consideration of the recommendations the panel made in its report in July 2018 and agreed with the recommendation to retain a clause in the tender document to exclude contractors should there be reasons to do so.

- *pilot and fully assess the use of reviews of referee decisions as an alternative to escalating to litigation before this process is included into policy and procedures;*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we noted that in the Ministry's original dispute-resolution process, a contractor wishing to make a claim against the Ministry had to escalate the claim through three levels within the Ministry before launching legal action. This process worked well given that about 95% of disputes were successfully resolved through this process. However, upon the industry's request, the Ministry agreed in 2016 to change the process, allowing contractors to ask for a third-party referee to be involved at any level of the dispute process.

Since our audit, the Ministry has moved forward with implementing referee decisions as part of its policies and procedures. In total, referee decisions have been used four times in the last two years. The Ministry has assessed each decision to identify improvements to the process and to the quality of the Ministry's submission to the referee to ensure that the Ministry's position is clear, well defined and fully supported by the contract.

- *re-implement its original dispute-resolution process if it determines that the use of referees will not be incorporated into its policies and procedures;*

**Status: Will not be implemented. Although the Ministry indicates that it plans to implement a new process for dispute resolution as a result of the new *Construction Act*, which introduced a new adjudication requirement, the Office of the Auditor Gen-**

**eral continues to believe that the implementation of our recommendation would be more effective and efficient for the Ministry in resolving disputes with contractors.**

#### Details

As described under the previous action item, during our 2016 audit, we noted that the Ministry had amended its original dispute-resolution process to allow contractors to ask for a third-party referee to be involved at any level of the dispute process.

Since our audit, the Ministry implemented referee decisions as part of its policies and procedures and used the process four times. However, the introduction of new adjudication requirements in the *Construction Act* (formerly the *Construction Lien Act*) in December 2017 caused the Ministry to reassess its process. The Act allows parties of a contract to refer various disputes to an adjudicator, who has the power to make an interim determination that is binding on the parties to the adjudication. Either party can later take the determination to court or to arbitration.

Therefore, the Ministry plans to develop and implement a new process for dispute resolution and adjudication to comply with the new legislation, and will not be re-implementing the original dispute-resolution process.

- *ensure that whenever committees are established to review and make policy implementation decisions, that the committee members are not in a conflict of interest.*

**Status: In the process of being implemented by December 2018.**

#### Details

During our 2016 audit, we noted that the Ministry established a joint policy committee of Ontario Road Builders Association (ORBA) and Ministry representatives to review an internal audit report focused on construction contracts. Ministry staff had concerns with the establishment of this committee because it would allow ORBA to strongly influence how the report's recommendations

should be implemented, which was an internal operational matter. The Ministry decided against staff's recommendations and created a joint policy committee comprised of six ORBA members (five of whom were contractors) and six government representatives (only three from the Ministry of Transportation, with one other from the Ministry of Infrastructure, one from Infrastructure Ontario, and one from the Ministry of Finance).

Since our audit, the Ministry conducted workshops with technical stakeholders in August 2017 and in January 2018 with the goal of receiving feedback from the industry, regulators and others regarding how it can improve the manner in which it consults with stakeholders when developing policies and standards. A total of 16 different stakeholders participated, including representatives from the Consulting Engineers of Ontario, Canadian Standards Association, Ontario Good Roads Association, ORBA and Professional Engineers Ontario.

At the time of our follow-up, the Ministry was engaged in extensive internal consultations with staff and committees throughout its Provincial Highways Management Division to obtain their input on this issue. These consultations were completed at the end of June 2018 and a report detailing a summary of these consultations and the external consultations was completed in August 2018.

This report is to include recommendations by staff on how committees should be established to review and make policy-implementation decisions that are not in a conflict of interest. The Ministry may also consider the assistance of an external third party to help develop a new committee structure, if such an approach is deemed necessary. The Ministry notes that it will complete the review and evaluate any changes to be considered for implementation by December 2018.

## Increased Outsourcing Has Led to Less Oversight on Construction Projects

### Recommendation 4

*To ensure that testing of asphalt quality is a constructive process and that information from whistleblowers is adequately investigated, the Ministry of Transportation should ensure that controls and appropriate processes over asphalt samples are in place to prevent the risk of sample switching.*

**Status: Fully implemented.**

### Details

In our 2016 audit, we found two events, in 2011 and 2012, where the Ministry noted irregularities with asphalt samples and possible sample tampering. We also noted that, in 2014, a whistleblower approached the Ministry with detailed information on how one contractor was switching samples in order to obtain bonuses. We noted that the Ministry had not taken any action to investigate which contractors could have switched samples and impose fines on them. Further, we noted that there were no controls to prevent contractors from tampering with samples as the whistleblower claimed.

Since our audit, for all contracts starting after December 15, 2017, the Ministry implemented a new sample-collection process whereby the Ministry has custody and control of asphalt samples. The Ministry implemented this approach to prevent the risk of sample switching as Ministry staff and/or consultant staff working for the Ministry are now responsible for collection of the sample from the construction site and transportation to the testing laboratory.

The Ministry noted that 40 contracts were executed prior to the new change with asphalt paving work to be completed in 2018 and 2019. However, the Ministry negotiated to have the new sample-collection process in 26 of the 40 contracts. The other 14 contracts with a remaining value of \$148 million, representing 12% of the total contract values, are carried forward under the old sampling methodology.

In addition, in January 2018, the Ministry also engaged an independent external consultant to perform a risk assessment and review of the integrity of the highway construction-material sampling process. The Ministry planned to consider the recommendations of this review, and make changes to its process, as appropriate, by November 2018.

### Recommendation 5

*To ensure it obtains a high level of assurance that infrastructure is safely built according to specifications, the Ministry of Transportation should hire or contract its own engineers who are independent from the contractors to perform verification activities.*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we found that Quality Verification Engineers (QVEs) who verify and provide certification that key construction activities have been performed to the appropriate standards were hired by, worked for and reported directly to contractors. We noted that Ministry regional staff had identified instances across the province where QVEs provided erroneous or misleading conformance reports to the Ministry. Although the Ministry had contract administrators and quality assurance staff to provide some oversight, the Ministry had relied on the sign-off by the QVEs to provide assurance to the Ministry that a structure would be safe for public use and that specifications had been met.

Since our audit, the Ministry initiated in 2017 its own review of the QVEs' certification process:

- The Ministry conducted a compliance audit of the QVEs' activities on 15 construction contracts across the province and found that only one of the 15 projects followed the QVEs' certification process with no discrepancies. The audit found that contract administration firms were not fully aware of their requirements when QVEs' work was involved. For example, contract administrators were not ensuring that documentation was submitted on time to the Ministry, and Ministry staff had

to correct work that was previously certified as being in general conformance with the contract documents. The audit also found that the contract administrators were generally reluctant to challenge the work the QVEs were submitting.

- The Ministry launched a pilot project whereby, on 15 construction projects across the province, the QVEs' certification process was replaced by a review process undertaken by Ministry staff.
- For all new contracts tendered after March 31, 2017, but before April 2018, the Ministry removed the QVEs' certification process requirement from seven specifications out of 38 in the certification process. Reviews for compliance with these seven specifications are to be completed by Ministry staff and/or consultants retained by the Ministry.

The Ministry completed its review of the QVE certification process, and, effective April 2018, replaced the QVEs' certification process with a new process whereby compliance with contract specifications is to be completed by Ministry staff and/or consultants retained by the Ministry.

Further, the Ministry plans to provide additional training for internal and consultant staff on the new requirements starting in 2018. The goal of the training is to provide an understanding of the new quality conformance process and specification changes.

### Recommendation 6

*To ensure that contractors perform warranty work they are responsible for, the Ministry of Transportation should:*

- *change its warranty provisions so that the burden of proof is not on the Ministry to show that no other factors could have caused cracks for poorly performing pavement and that the warranty is based on items that should have been foreseen;*

**Status: Fully implemented.**

### Details

During our 2016 audit, we found that to have contractors fix pavement defects under warranty, the burden of proof was on the Ministry to show that no other factors could have caused the defects other than the contractor's poor materials and workmanship. Ministry staff had to dedicate considerable resources in disputing contractors' claims that other factors caused the pavement defects.

Since our audit, in May 2017, the Ministry created new construction and maintenance guidelines for the administration of warranties to include formal tracking and completion of warranty reviews. For example, interim and final inspection dates are now recorded in warranty documentation. The Ministry plans to use this information to ensure all milestone inspections are completed and to schedule special inspection equipment to evaluate pavement performance.

To shift the burden of proof from the Ministry to the contractor, the Ministry added new oversight terms and responsibilities for contractors and the Ministry's contract administrators. For example, the contract administrator is now responsible for ensuring that relevant contractor staff are notified of the deficiencies and that repairs are completed. The contractor staff performing the warranty inspections are now responsible for completing warranty inspection reports, providing supporting documentation and tracking any deficiencies identified.

Once the deficient work is found, the contract administrator is responsible for following up with the contractor to address the issues. Contract terms now obligate the contractor to complete the repair once it has been identified by the contract administrator. Further, once a deficiency has been repaired, the repair must be inspected and tested at that time; testing includes sample collection as required by Ministry standards for the specific road and asphalt type.

- *enforce its warranty provisions for costs to be borne by the contractor for all contracts with warranties.*

**Status: Fully implemented.**

### Details

During our 2016 audit, we reviewed almost all seven-year-warranty contracts—seven years because that is long enough for pavement defects requiring remedial work to show up. In about half of them, we found that contractors had repeatedly tried to absolve themselves of their responsibilities under warranty.

Since our audit, the Ministry has made a number of changes to improve how pavement warranties are administered to ensure contractors complete warranty repairs identified by the Ministry:

- The Ministry now uses a vehicle known as an Automatic Road Analyzer, which has specialized equipment to measure and record pavement condition and performance, to collect pavement data. The Ministry has also developed manuals and training on the use of the data by Ministry staff in pavement warranty administration.
- The Ministry has also implemented a province-wide tracking system for pavement warranties. For contracts tendered in 2017, provisions for warranty administration were included in a new web-based contract management system. For earlier contracts not being administered using the web-based system, all regions are now using a standardized tracking database; this information is submitted to the provincial office to ensure consistency.
- The Ministry has developed new Construction and Maintenance Guidelines for the Administration of Warranties and updates to the Construction Administration and Inspection Task Manual for use by staff in the administration of pavement warranties. The Ministry provided information updates on these to regional operations staff during its annual update sessions in spring 2018.

Further, the Ministry is also completing a review of the use of other types of warranty provisions in its contracts. The Ministry identified several possible approaches including best value procurement, use of warranty performance bonds, workmanship warranties and changes to the current qualification process based on warranty issues. Further research and evaluation of these approaches was underway at the time of our follow-up, and was expected to be completed by the end of 2018.

## Ministry Selection Process Is Fair and Transparent, but Ministry Is Lenient in Managing Poor Performing Contractors

### Recommendation 7

*To ensure that poor-performing contractors and contractors that do not follow safety standards and other requirements are appropriately penalized for their performance or behaviour, the Ministry of Transportation should:*

- *establish appropriate penalties for contractors with unsatisfactory ratings;*

**Status: Little or no progress.**

#### Details

During our 2016 audit, we found that rather than imposing monetary fines for unsafe work, the Ministry's penalty process was intended to reduce the amount of future work a contractor could bid on. However, we noted that in seven such infractions we examined, none of the penalties were large enough to prevent contractors from bidding on Ministry projects.

At the time of our follow-up, the Ministry informed us it is reviewing current qualification and procurement practices to identify opportunities to promote improved performance of contractors in areas related to safety, quality and timeliness. It had conducted interviews with one large municipality and one provincial government agency regarding their qualification and procurement practices, and planned to complete this review by October 2018.

The Ministry had not established at the time of our follow-up new penalties for contractors with unsatisfactory ratings and had yet to assess the appropriateness of existing penalties. However, the Ministry informed us that it plans to update the contractor performance rating system, which includes penalties on performance issues, by December 2019.

- *incorporate stricter rules around excluding contractors from bidding if they breach safety regulations;*

**Status: Little or no progress.**

#### Details

As noted in the previous action item, during our 2016 audit, we found that the Ministry penalized contractors if they breach safety regulations during construction. We noted that the penalties were not monetary fines; instead, the penalties limited the amount of future work on which a contractor could bid. In the samples reviewed during the audit, we found that none of the penalties were large enough to prevent contractors from bidding on Ministry projects.

At the time of our follow-up, the Ministry informed us it is in the process of developing a new contractor performance rating system, which, when implemented, will improve contractor performance and safety. However, the Ministry has not incorporated stricter rules around excluding contractors from bidding if they breach safety regulations. Pilot testing of the new rating system began in 2017. A report dated February 2018 shows that 18 contracts had been tested under the new system by that time. The Ministry plans to complete the pilot and review the new system by December 2018. Based on the results of the pilot, a schedule for implementation will be determined in 2019, but the Ministry has made no commitment as to when stricter rules around excluding contractors from bidding would be implemented.

- *establish appropriate penalties for contractors that report inaccurate financial information to the Ministry;*

**Status: Little or no progress.**

#### Details

During our 2016 audit, we found that contractors were required to self-report certain financial information that is used to determine their bidding room (the total value of contracts they can bid on). The Ministry started auditing contractors' self-reported numbers in 2014; however, it had yet to enforce action on contractors that misreported financial information.

The Ministry's review found that, on average, one in every five contractors misreported their financial information. In some of these cases, the contractors misreported information to inflate their bidding room, effectively allowing them to bid on contracts with a higher total value than they should have been allowed to.

Since our audit, the Ministry has implemented a number of new measures regarding financial requirements to hold contractors more accountable for information they report to the Ministry, including:

- accessing the industry business intelligence information on the contractors, including their credit history, risk profile, and benchmarking data with similar companies, to provide ongoing monitoring of the contractor's financial situation;
- improving the system to track and report the amount of work contractors have with the

Ministry to assess whether they can complete additional work they bid on; and

- enhancing qualification procedures to provide clear direction to international companies regarding reporting their financial information and the amount of work these global contractors have with the Ministry.

However, the Ministry has not established new penalties for contractors that report inaccurate financial information and has yet to complete an assessment of the appropriateness of existing penalties.

- *implement policies and processes to exclude smaller contractors from bidding in all regions if performance issues are noted in one or more regions.*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we found that small contractors (those that can bid on minor construction projects less than \$1 million) that are banned from working with the Ministry in one region due to a history of poor performance could continue to bid on and win contracts in other regions.

Since our audit, on March 31, 2017, the Ministry changed a system process used for designated contracts so that any contractor known to have performance issues will be restricted from bidding on new contracts. This change addressed the risk of a poor-performing contractor that is restricted in one region from being able to bid elsewhere in the province.

# Chapter 1

## Section 1.11

Ministry of Health and Long-Term Care

# Physician Billing

Follow-Up on VFM Section 3.11, 2016 Annual Report

| RECOMMENDATION STATUS OVERVIEW |                          |                               |                                 |                       |                         |                      |
|--------------------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                                | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|                                |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1               | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 2               | 3                        | 1                             | 1                               | 1                     |                         |                      |
| Recommendation 3               | 3                        |                               | 2                               | 1                     |                         |                      |
| Recommendation 4               | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 5               | 3                        |                               |                                 | 3                     |                         |                      |
| Recommendation 6               | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 7               | 2                        |                               |                                 | 2                     |                         |                      |
| Recommendation 8               | 2                        |                               |                                 | 2                     |                         |                      |
| Recommendation 9               | 2                        | 2                             |                                 |                       |                         |                      |
| Recommendation 10              | 4                        |                               | 1                               | 3                     |                         |                      |
| Recommendation 11              | 2                        |                               | 1                               | 1                     |                         |                      |
| Recommendation 12              | 3                        | 1                             | 1                               |                       | 1                       |                      |
| Recommendation 13              | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 14              | 1                        | 1                             |                                 |                       |                         |                      |
| <b>Total</b>                   | <b>29</b>                | <b>6</b>                      | <b>8</b>                        | <b>14</b>             | <b>1</b>                | <b>0</b>             |
| <b>%</b>                       | <b>100</b>               | <b>21</b>                     | <b>27</b>                       | <b>48</b>             | <b>4</b>                | <b>0</b>             |

## Overall Conclusion

As of August 31, 2018, the Ministry of Health and Long-Term Care (Ministry) has fully implemented 21% of the actions we recommended in our 2016 Annual Report. For example, Health Quality Ontario

(HQO) has developed clearly defined indicators to measure quality of care for primary care patients. At the time of this follow-up, HQO had identified a total of 199 candidate primary care indicators and further prioritized 23 of them as key indicators.

The Ministry has made progress in implementing a further 27% of the recommended

actions. For instance, at the time of our follow-up the Ministry was evaluating capitation rates for both Family Health Organizations and Family Health Groups to ensure that the fees paid are justified for the basket of services physicians actually provide to their enrolled patients.

There has been little or no progress on 48% of the actions. For example, the Ministry has made no progress in obtaining accurate information on physicians' practices, including their operating costs and profit margins in providing Ontario Health Insurance Plan (OHIP) services.

The Ministry indicated it would not be implementing the remaining one action, recovering the \$3.2 million of overpayments to physicians related to the cardiac rhythm monitoring tests that were inappropriately claimed, because the physicians involved ceased billing the Ministry in that manner. This prevented the Ministry from going to the Physician Payment Review Board.

The status of actions taken on each of our recommendations is described in the following sections.

## Background

Physicians in Ontario operate as independent service providers and bill their services to the Province under the Ontario Health Insurance Plan (OHIP) as established under the *Health Insurance Act*.

As of March 31, 2017, Ontario had about 30,922 physicians—16,471 specialists and 14,451 family physicians (2016: 30,200 physicians—16,100 specialists and 14,100 family physicians)—providing health services to more than 13 million residents. The cost to the Province for the year then ended was \$11.86 billion (2016: \$11.59 billion).

Under the December 2012 Ontario Medical Association Representation Rights and Joint Negotiation and Dispute Resolution Agreement (OMA Representation Rights Agreement), the Ministry of Health and Long-Term Care (Ministry) recognized

the OMA as the exclusive bargaining agent of physicians, and both parties agreed, among other things, to consult and negotiate in good faith on physician compensation and related accountability.

The Ministry is responsible for establishing policies and payment models to fairly compensate physicians, while at the same time ensuring that taxpayer funds are spent effectively.

Physicians in Ontario can bill under three major models:

- Fee-for-service model (fiscal year 2016/17: \$6.52 billion [2015/16: \$6.33 billion]) under which physicians are compensated based on a standard fee for each service they perform. They bill using fee codes in OHIP's Schedule of Benefits. This has been the principal billing model since 1972.
- Patient-enrolment model (fiscal year 2016/17: \$3.41 billion [2015/16: \$3.38 billion]) under which physicians form group practices (such as Family Health Organizations and Family Health Groups) and are paid for the number of patients enrolled with them, and for a predetermined basket of services the group provides to those patients. As of March 31, 2017, 9,001 out of 14,451 family physicians had opted for one of the patient-enrolment models.
- Alternative payment plans (fiscal year 2016/17: \$1.93 billion [2015/16: \$1.88 billion]) and other contracts with hospitals and physician groups to provide specific services. In addition to the \$1.93 billion, approximately \$1.3 billion was paid to alternative-payment-plan physicians as fee-for-service, which is included in the \$6.52 billion paid under the fee-for-service model mentioned above.

Our audit found that in the five-year period prior to our 2016 audit, Ontario physicians had been among the highest paid in Canada. While one reason for this is that Ontario has the third-highest population-per-physician ratio, it also compensates more physicians than other provinces with models

such as the patient-enrolment model—a more expensive model than fee-for-service. For example, in 2014/15, family physicians in patient-enrolment models received incentive payments costing \$364 million on top of the fixed payment paid for each enrolled patient, regardless of patient visits or services performed.

Other significant observations from our 2016 *Annual Report* include the following:

- Patient-enrolment models for compensation of family physicians were not meeting original objectives and posed management issues for the Ministry.
  - The Ministry estimated that for the year ended March 31, 2015, physicians were paid for base capitation under Family Health Organizations approximately \$522 million that would not have been paid under a fee-for-service model, in part because physicians were compensated for approximately 1.78 million patients that they had enrolled, but did not treat.
  - The Ministry's billing system indicated that 40% of enrolled patients went to walk-in clinics or other family physicians outside the group in which they were enrolled. As well, an estimated 27% of enrolled patients had chronic health conditions and regularly sought primary care outside their physician group, contrary to best practices. This resulted in duplicate payments of \$76.3 million cumulatively over the five years up to fiscal 2014/15. The Ministry did not recover these payments.
  - During 2014/15, about 243,000 visits were made to emergency departments for conditions that could have been treated in a primary care setting. The Ministry estimated these visits cost \$62 million, of which \$33 million was incurred by patients enrolled in Family Health Organizations that are compensated using the patient-enrolment model. The Ministry did not recover this money from these patients' family physicians.
- The Ministry faced challenges controlling costs under the fee-for-service model. For example:
  - Fee-for-service claims had been growing at an annual rate of 3.3%, despite the Ministry's targeted rate of 1.25%. The Ministry had not been successful in achieving a reduction in payments for medically unnecessary services.
  - We noted that large variances existed in gross payment per physician (before deduction of office expenses and overhead) within certain specialties. However, the Ministry did not have complete information on physicians' practices and profit margins to help it analyze the disparities.
- The Ministry lacked a cost-effective enforcement mechanism to recover inappropriate payments from physicians. Its recovery process on inappropriate billings was lengthy and resource-intensive: the onus is on the Ministry to prove that the physicians who bill on the honour system are in the wrong, not on the physicians to prove they are entitled to the billing.
- The Ministry did not investigate many instances where physician billings exceeded the standard number of working days and expected number of services. We noted that, for example, nine specialists submitted claims indicating that each had provided services on more than 360 days in 2015/16. While the Ministry had initiated some investigations on its own, they were not done in a timely manner.
- Since the beginning of 2013, the Ministry had not actively pursued recovery of overpayments in proactive reviews; it was recovering approximately \$19,700 in 2014 and nothing in 2013 and 2015. In prior years, recoveries were well over a million dollars.

- The Ministry no longer followed up on all physicians who had billed inappropriately in the past.
- The Ministry targeted savings of \$43.7 million for 2013/14 by reducing the number of unnecessary preoperative cardiac tests, but actual savings were only \$700,000.

The report contained 14 recommendations, consisting of 29 actions, to address our audit findings. We received commitment from the Ministry that it would take action to address our recommendations.

## Standing Committee on Public Accounts

On March 29, 2017, the Standing Committee on Public Accounts (Committee) held a public hearing on our 2016 audit. In February 2018, the Committee tabled a report in the Legislature resulting from this hearing. The Committee endorsed our findings and recommendations, and made six additional recommendations. The Ministry reported back to the Committee in August 2018. The Committee's recommendations and our follow-up on its recommendations are found in **Chapter 3, Section 3.05** of this volume of our *2018 Annual Report*.

## Status of Actions Taken on Recommendations

We conducted assurance work between April 2, 2018, and August 31, 2018, and obtained written representation from the Ministry of Health and Long-Term Care that, effective October 31, 2018, it has provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

## Significant Investment in Patient-Enrolment Models but Most Objectives Not Met

### Recommendation 1

*To help ensure that patient-enrolment models are cost-effective, the Ministry of Health and Long-Term Care should review the base capitation payments and make any necessary adjustment in order to ensure that the fees paid are justified for the basket of services physicians actually provide to their enrolled patients.*

**Status: In the process of being implemented by March 2020.**

### Details

During our 2016 audit, we found that patient-enrolment models were significantly more expensive than the traditional fee-for-service model. The Ministry estimated that, in 2014/15, a family physician who belonged to a Family Health Organization earned an annual gross revenue of \$420,600, and one who belonged to a Family Health Group earned an average of \$352,300. Both of these average salaries were significantly higher than the gross billing of \$237,100 physicians would earn, on average, under the traditional fee-for-service model. Yet, the base capitation payments that physicians receive before they actually see any of the patients they enroll were originally designed to be cost-neutral, or about the same as if the services were being provided on a fee-for-service basis.

Further, the Ministry estimated that for the year ended March 31, 2015, physicians in Family Health Organizations were paid base capitation of approximately \$522 million that would not have been paid under a fee-for-service model, in part because physicians were compensated for approximately 1.78 million patients who were enrolled but did not visit their physicians in that year.

Following our 2016 audit, the Ministry initiated an evaluation of base capitation rates for both Family Health Organizations and Family Health Groups, which was ongoing at the time of this follow-up. The evaluation includes an analysis of services provided to patients based on demographics

such as age and sex, as well as an evaluation of how often each service in the basket of services covered under the patient-enrolment models is provided to enrolled patients.

The Ministry and the Ontario Medical Association (OMA) have been without a contract since the previous agreement expired on March 31, 2014. In May 2017, the two parties agreed to a Binding Arbitration Framework Agreement (arbitration). The three-person Arbitration Board consists of an arbitrator jointly selected by the Ministry and the OMA, a Ministry nominee, and an OMA nominee. Phase one of arbitration began in May 2018.

In June 2018, the parties agreed to return to negotiation in July in an attempt to reset the relationship and explore the possibility of reaching a mutually accepted settlement. Dates in July that had been scheduled for arbitration were used for negotiation instead, and further negotiation dates were added for August and September. The parties returned to arbitration in October and have hearings scheduled to December. Phase two of arbitration will follow.

The Ministry indicated that any adjustments to the base capitation payments would require it to engage with the OMA through the negotiation or arbitration process, which is expected to be completed by March 2020. The progression of negotiations is difficult to predict, and timelines for any return to arbitration are at the discretion of the Arbitration Board. The Ministry's target date of March 2020 is therefore an estimate.

### Recommendation 2

*To help ensure that patients receive better quality care that is cost effective and that patient-enrolment models for family physicians meet the goals and objectives of the Ministry of Health and Long-Term Care (Ministry), the Ministry should:*

- clearly define indicators to measure “quality of care” for enrolled patients;

**Status: Fully implemented.**

### Details

During our 2016 audit, we found that although one of the Ministry's goals was to increase quality of care for patients of family physicians, it had not clearly defined that term for patient-enrolment models, and it has set no targets to measure quality.

In late 2015, Health Quality Ontario (HQO) launched primary care reporting on its webpages. At the time of this follow-up, through the Primary Care Performance Measurement Framework project, HQO had identified a total of 199 candidate primary care indicators and further prioritized 23 key indicators, including:

- percentage of patients who report that, in the past 12 months, they had a review and discussion with their primary care provider regarding prescription medications they are using;
- percentage of patients who see their primary care provider within seven days after discharge from hospital for selected conditions;
- percentage of total primary care visits that are made to the physician with whom the patient is enrolled; and
- percentage of patients with diabetes with two or more glycated hemoglobin (HbA1c) tests within the past 12 months.

In addition, family physicians can now register to receive HQO's MyPractice reports, which provide confidential information about their own practice in relation to peers across the province. The reports include indicators in the areas of opioid prescribing, cancer screening, diabetes management, and their patients' use of health services (for example, emergency department visits, hospital readmissions, and visits to their own physician). As of June 2018, over 2,700 family physicians had registered to receive MyPractice reports.

- establish targets that the patient-enrolment models should achieve within a given period of time;

**Status: Little or no progress.**

### Details

As mentioned, at the time of our 2016 audit, the Ministry had not set targets to measure the quality of care for patients of family physicians. In 2015, the Ministry developed a performance report that consolidated a number of statistics and performance metrics for each patient-enrolment model. The report was developed only for the 2014/15 fiscal year and did not include any benchmarks or standards against which reported metrics could be measured. Benchmarking against performance standards (or against the achievements of high-performing systems) helps establish performance targets and quantify the potential for improvement.

During our follow-up, the Ministry indicated that establishing targets for the patient-enrolment models would require its engagement with the OMA through negotiation or arbitration as discussed in **Recommendation 1**. However, we found that in preparing for arbitration, the Ministry had made little progress in determining potential targets and time frames for achieving them.

- *collect and publish relevant and reliable data to monitor and assess performance against targets on a regular basis.*

**Status: In the process of being implemented by March 2020.**

### Details

HQO publicly reports on its website 10 of the 23 key primary care indicators. The indicators cover the areas of access to primary care, illness prevention and detection, and health system co-ordination, with the data stratified according to, for example, age, sex, income, education level, and urban versus rural location. The 10 indicators reported on HQO's website are compared across the 14 Local Health Integration Networks within the province, and by year. The remaining 13 indicators are not publicly reported on due to the lack of a consistent data source or unsuitability for public reporting. However, many of these indicators are reported at the physician-practice level.

Neither the Ministry nor HQO had set performance targets for the 10 publicly reported primary care indicators. Instead, the Ministry and HQO compare these indicators with any available data from other jurisdictions and use year-to-year analysis to monitor any significant trends. Again, the Ministry indicated that establishing targets for the patient-enrolment models would require its engagement with the OMA through negotiation or arbitration, which is intended to be completed by March 2020.

### Recommendation 3

*To ensure patients are able to access their family physicians in a timely manner when needed, and also to reduce the strain on emergency departments in hospitals, the Ministry of Health and Long-Term Care should:*

- *clearly define the minimum number of regular hours (including evening and weekend requirements) in every patient-enrolment contract;*

**Status: Little or no progress.**

### Details

Our 2016 audit reported that the base capitation payment had been set on the assumption that patient-enrolment physicians would keep regular office hours of sufficient length for their patients to see them for non-urgent care and not have to visit emergency departments. The Family Health Organization contract states that “except for Recognized Holidays, the physicians shall ensure that a sufficient number of physicians are available to provide the services during reasonable and regular office hours from Monday through Friday sufficient and convenient to serve Enrolled Patient.” However, the terms “reasonable and regular” and “sufficient and convenient” were not defined in the contract. Patient-enrolment model contracts also did not stipulate the minimum number of services a physician or a group of physicians must perform over a given period.

In response to our follow-up, the Ministry indicated that further clarifying definitions of regular hours would require contract amendments, and so would require the Ministry to engage with the OMA through negotiation or arbitration as discussed in **Recommendation 1**. We found that in preparing for arbitration, the Ministry had made little progress in defining the potential minimum number of regular hours (including evening and weekend requirements) in every patient-enrolment contract.

- *regularly monitor and determine whether physicians participating in patient-enrolment models are meeting all their regular and after-hours requirements;*
- *implement consequences of not meeting contract requirements, such as the imposition of an administrative penalty/fine.*

**Status:** In the process of being implemented by March 2020.

#### Details

Our 2016 audit found that many patient-enrolment family physicians did not work the number of week-night or weekend hours required. We noted that, in 2014/15, 60% of Family Health Organizations and 36% of Family Health Groups did not meet their after-hours requirements. However, the Ministry took no action in such cases. In addition, patient-enrolment contracts have no financial penalties for not meeting after-hours requirements, even though the result could be patients visiting emergency departments or walk-in clinics, leading to duplication of taxpayer money for services already paid for and covered under the base capitation payments.

Since our 2016 audit, the Ministry has completed preliminary work on an improved accountability framework for physicians operating under an alternative payment plan such as a Family Health Organization or a Family Health Group. Part of this analysis includes a proposed performance management system that would monitor, among other things, whether physicians participating in enrolment models are meeting all their regular and

after-hours requirements, and could include financial penalties for non-compliance.

At the time of our follow-up, the Ministry indicated that monitoring the hours of physicians participating in patient-enrolment models and implementing consequences for not meeting requirements would require engagement with the OMA through negotiation or arbitration, which is expected to be completed by March 2020.

#### Recommendation 4

*To ensure that patients are able to receive continuity of primary care as stated in one of the Ministry of Health and Long-Term Care's (Ministry's) objectives, the Ministry should explore different options, such as requiring that patient records be shared between physicians, in order to better co-ordinate care for patients who continuously seek care from more than one primary care physician over time and implement change with the ultimate objective of putting the patient first.*

**Status:** Fully implemented.

#### Details

Our 2016 audit noted that the Ministry intended that by having patients sign an enrolment form when they enrolled with a family physician, they would seek all their primary care from that physician. However, the Ministry's billing system indicated that in 2015, 40% of enrolled patients went to walk-in clinics or other family physicians outside the group in which they were enrolled. As well, the Ministry did not require physicians to share patients' records between clinics and physician practices. As a result, continuity of care was hampered, and services such as diagnostic testing may have been duplicated.

At the time of this follow-up, the Ministry had provided access to the province's two clinical viewers, ConnectingOntario and ClinicalConnect, to over 100 out of 857 primary care group practices in the province and 800 out of 2,739 primary care physician solo practitioners in the province. These clinical viewers are web-based portals that make

real-time access to patient digital health records available to physicians, and include information such as dispensed medications, laboratory results, hospital visits, home and community care services, mental health care information, diagnostic imaging reports and information from cancer programs.

The Ministry is working with Local Health Integration Networks to expand access to the provincial clinical viewers, and targets access for 80% of primary care providers by March 2022. The connectivity specifications have already been developed.

A pilot project that began in January 2016 is also underway that enables primary care physicians to share data through the clinical viewers. Four clinics are participating. Part of the pilot project is working to streamline use and collect lessons learned before a province-wide strategy can be developed. The Ministry expects to have a proposal for a provincial approach by March 2019.

### Recommendation 5

*To minimize the number of patient visits to emergency departments for non-urgent care that could be provided in a primary care setting, the Ministry of Health and Long-Term Care should:*

- *evaluate whether the existing after-hours services offered by the contracted physicians are sufficient for their enrolled patients to obtain non-urgent care;*
- *better educate patients on the most appropriate place for non-urgent care when their family physicians are not available;*
- *consider best practices from other jurisdictions, such as for ensuring that after-hours care is easily accessible by patients within their local communities.*

**Status: Little or no progress.**

#### Details

In our 2016 audit, we found that during 2014/15, about 243,000 visits were made to emergency departments for conditions that could have been treated in a primary care setting. The Ministry

estimated these visits cost \$62 million, of which \$33 million was incurred by patients enrolled in Family Health Organizations. The Ministry's survey for the period September 2014 to October 2015 reported that 42% of Ontarians (the same percentage as in 2013) indicated that the last time they visited an emergency department was for a condition that could have been treated by their primary care physician if he or she had been available.

Our follow-up found that the Ministry had made little progress on all three actions. Since our 2016 audit, the Ministry has not evaluated whether the existing after-hours services offered by the contracted physicians are sufficient for their enrolled patients to obtain non-urgent care and has not considered best practices from other jurisdictions specific to access to after-hours care. Although patient education (on the most appropriate place for non-urgent care when their family physicians are not available) does not require negotiation with the OMA, the Ministry indicated that it would consult with the OMA on patient education materials. The Ministry did not have any expected timeline for such consultation.

The Ministry again advised that any proposed changes for the first and third actions would require its engagement with the OMA through negotiation or arbitration as mentioned in **Recommendation 1**.

### Physician Payments Vary Widely

#### Recommendation 6

*To get a better understanding of the significant variations in physician compensation within and between specialties, the Ministry of Health and Long-Term Care should obtain accurate information on physicians' practices, including their operating cost and profit margin in providing OHIP services.*

**Status: Little or no progress.**

#### Details

Our 2016 audit found that, even within the same specialty, there were large variances between the

median gross billing paid and the gross billing paid at the 90th percentile. We noted that in the five specialties with the largest variances in 2014/15, differences ranged from approximately \$460,400 to \$713,000. As well, we noted that average payments to physicians also differ significantly by medical specialty, and are due to the differences in the nature of their work and how they are paid. However, the Ministry did not have complete information on physicians' practices and profit margins to help it analyze the disparities.

Subsequent to our 2016 audit, the Ministry made little progress toward obtaining complete and accurate information on physician practices, including their operating cost and profit margin in providing OHIP services, to better understand the significant variations in physician compensation. The Ministry again indicated that following this recommendation would require its engagement with the OMA through negotiation or arbitration as mentioned in **Recommendation 1**. However, the Ministry had done minimal work to determine the relevant financial information and how it should be obtained from physician practices.

## The Implementation of Patient-Enrolment Models Has Been Flawed

### Recommendation 7

*To ensure that the access bonus paid to encourage family physicians in patient-enrolment models has its intended effect, and that the bonus does not result in duplicate payments for some medical services, the Ministry of Health and Long-Term Care should:*

- *implement the recommendations from its policy review on the access bonus to educate targeted physicians, improve reporting to physicians to help them better understand their patients' use of outside services, and improve patient education by making patients fully aware of the commitment they agree to when they enroll with their family physicians;*

- *redesign the bonus so that the Ministry does not pay for duplicated services.*

**Status: Little or no progress.**

### Details

In our 2016 audit, we reported that in some cases, when patients visit physicians other than the one they are enrolled with, the Ministry pays twice for services already covered under enrolment-based payments: once through the capitation payments to the family physician practising under a patient-enrolment model, and again through the fee-for-service payment to the other physician (for example, a physician practising at a walk-in clinic). The result was duplicate payments of \$76.3 million cumulatively over the five years leading up to fiscal 2014/15.

The Ministry's access bonus working group made a number of recommendations in May 2014; however, due to the Ministry's ongoing negotiations with the OMA, none of the report's recommendations had been implemented at the time of our audit.

Since our 2016 audit, the Ministry has made little progress on this recommendation. It has not implemented the recommendations from its May 2014 policy review on the access bonus or redesigned the bonus so that it does not pay for duplicated services. The Ministry again informed us that changes to the access bonus would require engagement with the OMA through negotiation or arbitration as discussed in **Recommendation 1**.

### Recommendation 8

*To better ensure that patient-enrolment models are cost-effective and that capitation payments, premiums and incentives achieve their intended purposes, the Ministry of Health and Long-Term Care should:*

- *pay capitation payments, premiums and incentives only where justified with evidence;*
- *periodically review the number of patients who do not see the physician they are enrolled with,*

*and assess whether continuing to pay physicians the full base capitation payments for these patients is reasonable.*

**Status: Little or no progress.**

#### Details

Our 2016 audit noted that, in January 2014, the Ministry paid \$40 million as an interim payment modifier to all patient-enrolment physicians who treated high-needs patients enrolled in their practices. Out of this \$40 million, \$17.4 million was paid to approximately 3,400 physicians who were in patient-enrolment models that are compensated on an enhanced fee-for-service basis—which indicates that these physicians were already being compensated for treating their high-needs patients. These 3,400 physicians therefore should not have received the payment. However, although the \$17.4 million payment was not justified, the Ministry agreed to let the payment stand after its negotiations with the OMA in 2012.

In addition, our audit found that, in 2014/15, 1.78 million (or 33%) of the 5.4 million patients enrolled with a Family Health Organization did not visit their family physicians at all, yet we estimated that these physicians still received a total of \$243 million just for having them enrolled.

We discuss the evaluation of base capitation rates that the Ministry undertook following our 2016 audit, and was ongoing at the time of this follow-up, in **Recommendation 1**. Subsequent to our audit, the Ministry has made little progress toward paying premiums and incentives only where it has evidence to justify that these payments achieve their intended purpose. It has also not demonstrated progress in starting to periodically review the number of patients who do not see the physician they are enrolled with, and in assessing whether continuing to pay physicians the full base capitation payments for these patients is reasonable. At the time of our follow-up, the Ministry indicated that any adjustments to base capitation payments, premiums and incentives continued to be subject to negotiations and/or its arbitration

framework with the OMA, in that changes to these payments would require the Ministry to engage with the OMA through this process.

## Oversight of Fee-for-Service Payments to Physicians Is Weak

### Recommendation 9

*To ensure that health-care dollars are spent only on procedures that are medically necessary, the Ministry of Health and Long-Term Care should work with the appropriate medical professionals to:*

- *establish evidence-based standards and guidelines for each specialty to ensure all procedures and/or tests performed are medically necessary for patients;*

**Status: Fully implemented.**

#### Details

Our 2016 audit noted that the Ministry had identified over 500 physicians who billed over \$1 million each to OHIP in 2014/15, and had selected 12 of them for further analysis. The Ministry suspected that some of these billings may have been inappropriate: for instance, medically unnecessary services might have been performed or payment made for services that had not been rendered, or the standard of care might have been breached in other ways. In addition, our review of fiscal 2015/16 data found at least 648 specialists whose billing trends were anomalous when compared to the expected range of days billed and services by specialty category.

In September 2017, HQO launched the Ontario Quality Standards Committee, which is a sub-committee of the HQO Board of Directors with governance oversight of the Quality Standards Program (Program). The Program establishes quality standards for clinicians, organizations and the health system based on the best available evidence and consensus of an expert advisory committee. The Ministry and HQO have co-operated to prioritize topics for developing quality standards, focusing

primarily on areas where there is significant and unwarranted variation in clinical care.

At the time of our follow-up, the Program had finalized 14 quality standards and published them on HQO's website. The 14 standards cover a number of areas, including dementia, opioid prescription and addiction, hip fractures, and vaginal birth after Caesarean section. An additional 11 standards were listed as in development, such as chronic obstructive pulmonary disease, glaucoma, lower back pain and heart failure.

Each standard includes quality statements to inform health-care professionals and organizations what care to provide at which stages. The standards also include quality indicators to help health-care professionals and organizations with their improvement efforts, and recommendations on how to adopt the standards.

- *provide better education to patients on the common procedures that are not evidence-based.*

**Status: Fully implemented.**

#### Details

Each quality standard developed by the Program includes a patient guide that is intended to help make patients, families and caregivers aware of what high-quality care looks like and ask health-care professionals informed questions. The patient guides were developed with input from patients and caregivers with experience in the topic area. Clinicians and health-care organizations are encouraged to let their patients know that the guides are available on the HQO website, so that patients can ask their health care providers informed questions about their care. The guides are also shared with relevant patient groups to share with their broad patient communities.

Where appropriate, patient guides advise patients when procedures they might seek are not evidence-based. For example, the draft patient guide for the osteoarthritis standard tells patients: "arthroscopy should not be used to treat knee osteoarthritis because it does not change the progression of osteoarthritis or improve people's quality of life."

#### Recommendation 10

*To strengthen the oversight of fee-for-service payments to physicians to ensure that taxpayer dollars are fully recovered in situations of inappropriate billings, the Ministry of Health and Long-Term Care should:*

- *evaluate the costs and benefits of amending the fee-for-service billing review process and re-establishing an inspector function to oversee physician billings;*

**Status: Little or no progress.**

#### Details

In our 2016 report, we noted that, in 2005, the Ministry drastically changed the way it audits payments made to physicians. The change was in response to a report requested by the Government in 2004. Prior to 2005, the Ministry employed audit inspectors through the College of Physicians and Surgeons of Ontario, who could inspect medical records on-site, interview physicians, and make observations within their practices. Since then, the Ministry's audit process uses medical advisors rather than inspectors. Advisors can only review medical records off-site, after they receive copies of the records from the physicians. We noted that both British Columbia and Alberta conduct on-site inspections as part of their physician billing audits.

Since our 2016 audit, the Ministry has not evaluated the costs and benefits of amending the fee-for-service billing review process or re-establishing an inspector function. The Ministry indicated that implementing any changes to the billing review process would require legislative amendments to the *Health Insurance Act*.

- *effectively monitor billings and ensure physicians correct their inappropriate billings on a timely basis;*

**Status: In the process of being implemented by March 2020.**

#### Details

Our 2016 audit reported that since the Ministry focuses its efforts on educating physicians whose

billings are inappropriate and instructing them to correct future billings, we expected that an ongoing monitoring process would be in place to ensure that physicians with problematic billing corrected further billings. However, we found that the Ministry did not follow up on all of these physicians.

We reported in 2016 that since the beginning of 2013, the Ministry had not actively pursued recovery of overpayments in proactive reviews; it was recovering approximately \$19,700 from one physician in 2014 and nothing in 2013 and 2015. In prior years, recoveries were well over a million dollars.

Following our audit, the Ministry hired eight full-time staff in positions directly involved in physician billing oversight to conduct more reviews of potential inappropriate billings and follow-ups on physicians with problematic billing, as well as to settle more cases with physicians who voluntarily repay the Ministry for overpayments.

From 2016 to the time of our follow-up, the Ministry recovered or was in the process of recovering \$819,950 from four physicians through proactive reviews. This represents a significant increase from the \$19,700 recovered from 2013 to 2015, but is still far below the \$1,837,000 recovered from 184 physicians in 2012 alone.

Reactive reviews and recoveries based on complaints received have increased significantly since our audit. Between 2016/17 and 2017/18, the Ministry completed 338 reactive reviews and recovered or was in the process of recovering \$2,436,500 from 57 physicians. This compares favourably to the 260 reactive reviews between 2014/15 and 2015/16, which led to \$501,400 in recoveries from 19 physicians.

The Ministry has obtained software to enable it to more effectively monitor, identify and interact with physicians on inappropriate payments.

The Ministry intends to brief the government and determine further steps to effectively monitor billings and ensure that physicians correct their inappropriate billings on a timely basis by March 2020.

- *establish an effective mechanism to recover overpayments from physicians when inappropriate billings are confirmed;*

**Status: Little or no progress.**

#### Details

Our 2016 audit reported that the Ministry's recovery process on inappropriate physician billings was ineffective, lengthy and resource-intensive. Under this process, the onus is on the Ministry to prove that the physicians have billed contrary to the provisions of the *Health Services Act*. Unless a physician agrees to repay inappropriate payments voluntarily, it is very difficult to recover the payments. Current legislation restricts the Ministry from ordering a physician to repay an overpayment or requesting reimbursement for payment of claims billed contrary to provisions of the *Health Services Act* unless it has an order from the Physician Payment Review Board. We also found many instances when even though the Ministry had evidence to confirm that certain billings were not appropriate, it did not make an effort to recover overpayments from the physicians.

At the time of our follow-up, the Ministry is still following the same process. It explained that any changes to the recovery process will require legislative amendments to the *Health Insurance Act*.

- *streamline the existing review and education process for physician billing.*

**Status: Little or no progress.**

#### Details

As mentioned, at the time of our follow-up, the Ministry was testing new software to more effectively monitor, identify and interact with physicians on inappropriate payments. As of June 2018, the Ministry indicated that implementation of the software was not complete. Further investment is required to fully implement the tool. Once it is implemented, the software will enhance the monitoring and data analysis needed to identify and track inappropriate payments and interact with physicians regarding them.

Since our 2016 audit, the Ministry has made little progress in streamlining the existing review and education process for physician billing. It explained that any changes to the review and education process would require legislative amendments to the *Health Insurance Act*.

## Ministry Having Challenges Managing Health-Care Services Billed Under the Fee-for-Service Model

### Recommendation 11

*To ensure that the fees on the Schedule of Benefits reflect current medical practice and the needs of the health-care system, the Ministry of Health and Long-Term Care should:*

- re-establish the Medical Services Payment Committee to provide regular reviews of physicians' fees and evidence-based advice on fee revisions;

**Status:** In the process of being implemented by March 2020.

### Details

In our 2016 audit, we noted that, as of December 31, 2015, the Ministry's most recent available data indicated that utilization for fee-for-service claims had been growing at an annual rate of 3.3%, which was higher than its yearly expenditure growth of 1.25%. Because of the difficulties the Ministry faced in containing costs under the fee-for-service model, it implemented across-the-board cuts in 2015. The across-the-board cuts were not evidence-based, and in some cases disproportionately impacted lower-earning physicians as opposed to higher-income physicians.

The *Health Insurance Act* requires that the Ministry establish a committee to recommend timely and appropriate revisions to the fee schedule and other payment programs, in line with current medical practice and the needs of the health-care system. The committee has the additional intent to bring fees into greater relative balance in accord-

ance with innovation, access, integration and competitiveness. We noted at the time of our last audit that this committee, known as the Medical Services Payment Committee, had been inactive since the last agreement between the Ministry and the OMA expired on March 31, 2014.

Since our audit, the Ministry has been unable to re-establish this committee, as it is still in negotiation or arbitration with the OMA. The Ministry acknowledged the benefit of having a Ministry-OMA bilateral committee to make recommendations on amendments to the fee schedule and other payment programs, and advised that the terms of reference for such a committee will depend on the outcome of negotiation or arbitration as described in **Recommendation 1**.

- assess the impacts that technological advancements have had on treatment times for consideration in adjusting fee-for-service codes.

**Status:** Little or no progress.

### Details

Our 2016 audit noted that when technological advances let physicians deliver services more easily and quickly, the volume of services increases. For example, in 2006, cataract surgery took about an hour and the total fee was \$516. At the time of our audit, technological advancement had made this surgery much easier to perform and had decreased the time required to only about 15 minutes. As part of the then Medical Services Payment Committee's review, the total fee was reduced to \$442 in September 2011.

In response to our follow-up, the Ministry informed us that adjusting fee-for-service codes would require the engagement of the OMA through negotiation or arbitration as described in **Recommendation 1**. The Ministry had done no assessment of the impacts of technological advancement on treatment times at the time of our follow-up.

## Ministry Has Recently Acted on the Significant Increase in Echocardiography Services Billed

### Recommendation 12

To strengthen the oversight of the use of cardiac ultrasound services, the Ministry of Health and Long-Term Care should work with the Ontario Association of Cardiologists and the Cardiac Care Network of Ontario to:

- assess the effectiveness of the Cardiac Care Network of Ontario's Echocardiography Quality Initiative program intended to deter inappropriate use of cardiac ultrasound services;

**Status: In the process of being implemented by December 2019.**

### Details

During our 2016 audit, the Ontario Association of Cardiologists (Cardiologists Association) raised a concern over the appropriateness of some echocardiography (cardiac ultrasound tests). We noted that the Ministry did not know which facilities were following appropriate standards and which were not, and it would not know until the new Echocardiography Quality Initiative (EQI) program managed by the Cardiac Care Network of Ontario is proven to be effective in overseeing the facilities where the services are provided.

On June 22, 2017, the Cardiac Care Network of Ontario and the Ontario Stroke Network merged to become CorHealth. In the fall of 2016, before the merger, the Cardiac Care Network had begun conducting quality assessments of registered echocardiography facilities; CorHealth expects to complete the site visits by March 31, 2019. The Schedule of Benefits of Physician Services requires clinics to be accredited or working toward accreditation through the EQI program before they can be paid by OHIP for echocardiograph services. At the time of our follow-up, 1,061 sites had been accredited or were working toward accreditation. Of those, 175 had received a certificate certifying achievement of

standards, 571 were working toward a certificate, and the remaining 295 were non-operational.

The rate of growth for echocardiography services has fallen from a yearly average of 4.52% between 2012/13 and 2015/16 to 1.67% for 2016/17 over 2015/16. Monitoring of the EQI program's impact on service volume is ongoing. The Ministry is targeting December 2019 to complete an assessment of the effectiveness of the program in deterring inappropriate cardiac ultrasound services. This allows the program nine months after completing site visits in March 2019 to meet with clinics to remedy any possible deficiencies.

- monitor the use of cardiac ultrasound services claimed by facilities, such as those owned by non-physicians, and take corrective actions when anomalies are identified;

**Status: Fully implemented.**

### Details

At the time of our 2016 audit, the Cardiologists Association questioned the Ministry's decision in 2015 to pay the same amount for cardiac ultrasound services regardless of whether a physician was on-site performing the test, or off-site but still available to supervise. The Cardiologists Association was concerned that this had boosted the profits of commercial lab facilities. However, in 2016 the Ministry had no complete information to test this claim. It did not know how many lab facilities existed and which were physician owned as opposed to commercial labs.

As mentioned, the Schedule of Benefits of Physician Services requires clinics to be accredited or working toward accreditation through the EQI program before they can be paid by OHIP for echocardiograph services (cardiac ultrasound tests). As part of the funding agreement, CorHealth reports every six months on the status and results of the program. CorHealth also provides the Ministry with updates on the status of clinics' accreditation with the program twice each month, and reports on clinics with critical concerns. The Ministry indicated

that as part of the accreditation process, at least seven clinics have narrowed the scope of the services they perform, and 10 clinics have voluntarily decided not to offer cardiac ultrasound services.

- *recover the \$3.2 million of overpayments to physicians related to the cardiac rhythm monitoring tests that were inappropriately claimed.*

**Status: Will not be implemented. The position of the Office of the Auditor General is that the Ministry should explore all other avenues for recovery of the money.**

#### Details

Our 2016 audit noted that, in October 2014, the Ministry became aware of fee-for-service claims related to two cardiac rhythm monitoring tests that were inappropriately claimed and paid to physicians. The Ministry determined that approximately 70 physicians were overpaid by at least \$3.2 million between April 2012 and May 2015. However, at the time of our audit, the Ministry was not planning to directly recover any of the \$3.2 million it had made in duplicate payments. It indicated that it does not have authority under the *Health Insurance Act* to directly recover the \$3.2 million. Upon the Ministry's request, the company stopped billing in this manner, and under the *Health Services Act*, the Ministry cannot refer the matter to the Physician Payment Review Board.

The Ministry has informed us that the law pertaining to the process for recovery of inappropriate payments is still unchanged. The Ministry is currently reviewing legislation regarding the recovery of inappropriate claims. Also, the Ministry's follow-up review after our audit showed no evidence that the physicians were aware that their claims were inappropriate, and they stopped submitted claims in this manner. Further, it was unable to find evidence that the physicians knew or ought to have known that the claims were inappropriate, and therefore could not refer the claims to the Physician Payment Review Board for recovery.

## Medical Liability Protection Costs Are Rising

### Recommendation 13

*To address the rising costs of medical liability protection, the Ministry of Health and Long-Term Care should work with the Canadian Medical Protective Association and the Ontario Medical Association to review the recommendations of the third-party report when it becomes available in early 2017, and take any necessary actions in an effort to reduce the cost burden on taxpayers.*

**Status: In the process of being implemented by March 2019.**

#### Details

In our 2016 audit, we reported that physicians' medical liability costs in Ontario had risen dramatically—and they were continuing to rise. The Ministry and taxpayers had had to bear the responsibility for these significant cost increases. Our report also suggested that a joint effort by the Ministry, the OMA and the Canadian Medical Protective Association was long overdue to review the legal context surrounding the increase in medical malpractice trends.

In March 2016, the Ministry retained a third-party consultant to carry out a review and make recommendations on how to reduce medical liability protection costs, improve the efficiency of the civil system with respect to medical liability, and ensure that plaintiff-patients in medical malpractice cases receive appropriate compensation in a timely manner. The consultant requested an extension for delivery of its report, and it completed the report in December 2017, almost a year later than the original January 2017 due date. The report makes 40 recommendations, including:

- Consider whether a no-fault approach to medical liability cases should be explored.
- Learn from the experiences of leading American hospitals that have achieved dramatic reductions in medical mistakes.
- Devote increasing resources to risk-management initiatives and data sharing.

Due to the late release of the report, at the time of our follow-up, the Ministry was reviewing the recommendations and developing an appropriate implementation plan. It expects to brief the government on the implementation plan by March 2019.

#### Recommendation 14

*To avoid being placed in a conflict of interest when investigating physicians' billings, the Ministry of Health and Long-Term Care should work with the Canadian Medical Protective Association and the Ontario Medical Association to ensure that taxpayer funds are not being used to reimburse physicians for membership fees due to the Canadian Medical Protective Association for the use of lawyers provided by the Canadian Medical Protective Association to assist physicians with Ministry billing reviews.*

**Status: Fully Implemented.**

#### Details

In our 2016 audit, we noted that in some cases, when the Ministry reviews physicians' billings and asks the physicians to provide medical records to support and verify their claims, the physicians may request assistance from the Canadian Medical Protective Association in defending their billing

practices, including legal support for most serious cases. As it is the Ministry that pays for the greater part of liability protection costs, we saw this as a potential conflict of interest, because the Ministry has a reduced incentive to investigate wrongdoing if it must pay a part of the physicians' legal costs.

On May 18, 2018, the Ministry requested written confirmation from the Canadian Medical Protective Association that the Ministry's subsidy excludes amounts associated with defending fee disputes between a physician and the government or criminal matters involving a physician. In July 2018, the Canadian Medical Protective Association responded to the Ministry's letter and indicated that billing and criminal matters represent a small percentage of overall medical liability protection costs and that the amount of funds that the Canadian Medical Protective Association expends annually on billing and criminal matters is significantly lower than the non-reimbursed portion of physicians' membership fees in Ontario. Based on the response received from the Canadian Medical Protective Association, the risk of the Ministry being placed in a conflict-of-interest situation appears to be low; therefore, no further action is required.

# Chapter 1

## Section 1.12

Ministry of Health and Long-Term Care

# Specialty Psychiatric Hospital Services

Follow-Up on VFM Section 3.12, 2016 Annual Report

| RECOMMENDATION STATUS OVERVIEW |                          |                               |                                 |                       |                         |                      |
|--------------------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                                | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|                                |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1               | 3                        |                               | 2                               | 1                     |                         |                      |
| Recommendation 2               | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 3               | 3                        |                               |                                 | 3                     |                         |                      |
| Recommendation 4               | 3                        |                               | 1                               | 2                     |                         |                      |
| Recommendation 5               | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 6               | 3                        |                               |                                 | 3                     |                         |                      |
| Recommendation 7               | 2                        | 2                             |                                 |                       |                         |                      |
| Recommendation 8               | 4                        | 4                             |                                 |                       |                         |                      |
| Recommendation 9               | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 10              | 2                        |                               | 2                               |                       |                         |                      |
| Recommendation 11              | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 12              | 3                        | 1                             | 1                               | 1                     |                         |                      |
| Recommendation 13              | 2                        | 2                             |                                 |                       |                         |                      |
| Recommendation 14              | 3                        |                               | 3                               |                       |                         |                      |
| Recommendation 15              | 2                        | 2                             |                                 |                       |                         |                      |
| <b>Total</b>                   | <b>34</b>                | <b>13</b>                     | <b>11</b>                       | <b>10</b>             | <b>0</b>                | <b>0</b>             |
| <b>%</b>                       | <b>100</b>               | <b>38</b>                     | <b>32</b>                       | <b>30</b>             | <b>0</b>                | <b>0</b>             |

## Overall Conclusion

As of August 3, 2018, 38% of the actions we recommended in our 2016 Annual Report had been fully implemented, specifically in the areas

of reviewing hospitals' care planning policies to ensure alignment with best practices, developing quality standards related to mental health services, and establishing a forum for information sharing among hospitals. Thirty-two percent of the actions we recommended were in the process of being

implemented, mainly in the areas of developing a consistent way to measure wait time information from hospitals, collecting wait time information for in-patient and out-patient programs, and determining the number of long-term psychiatric beds needed in each region. Thirty percent of the actions we recommended had little or no progress. They were in the areas of determining the number of long-term psychiatric beds needed in each region of the province, developing mental health standards related to admission, treatment and discharge of patients and requiring specialty psychiatric hospitals to follow such standards.

The Ministry of Health and Long-Term Care (Ministry) indicated that the change in government has required new policy development to align with the articulated priorities and funding commitments of the new government. Though the Ministry has continued to move forward on foundational work, implementation of a new policy framework and investments has been extended during this transition.

The Ministry is exploring policy options regarding multi-year mental-health and addictions initiatives tied to the \$3.8-billion provincial and federal commitment to build a comprehensive mental-health and addictions system. The Ministry expects that these initiatives, once implemented, will address a number of our recommendations.

The status of the actions taken on each of our recommendations is described in this report.

## Background

Across Ontario, there are about 2,760 long-term psychiatric beds in 35 facilities (primarily hospitals). These beds are for children, adults and seniors who need treatment for the most severe or complex forms of mental illness. The beds are also for forensic patients—people who have, or are suspected of having, mental illness and who have been charged with a criminal offence.

About half (1,389) of these beds are located in four hospitals, called specialty psychiatric hospitals, that primarily provide mental health care. Our audit focused on these four hospitals: Centre for Addiction and Mental Health (CAMH) in Toronto; Ontario Shores Centre for Mental Health Sciences (Ontario Shores) in Whitby; The Royal Ottawa Health Group (The Royal) with sites in Ottawa and Brockville; and Waypoint Centre for Mental Health Care (Waypoint) in Penetanguishene.

In 2017/18, these four specialty psychiatric hospitals treated about 7,700 patients (7,200 in 2015/16) and handled about 346,000 visits from out-patients (280,000 in 2015/16).

The Ministry of Health and Long-Term Care (Ministry) is responsible for providing overall direction, funding and leadership for mental health care in Ontario. The Ministry provides funding to 14 regional Local Health Integration Networks (LHINs) responsible for planning and integrating health services in their respective region. LHINs enter into an accountability agreement with specialty psychiatric hospitals and provide funding to them.

In 2016/17, specialty psychiatric hospitals received \$615 million (\$673 million in 2015/16), which represents over 17% of the about \$3.6 billion the Ministry spent in total on mental health care (\$3.3 billion in 2015/16).

We found that the Ministry and LHINs focused less on specialty psychiatric hospitals compared with other areas of health care, such as general hospitals. For example, the Ministry collected wait time information and funded general hospitals based on the demand for their services, but it did not do this for specialty psychiatric hospitals.

Some of our significant observations included:

- Wait times for patients to receive treatment were long and getting longer. In 2015/16, children had to wait more than three months to receive help at Ontario Shores for severe eating disorders. At Waypoint, the wait list for one of the main out-patient programs was so long that in 2015/16, the hospital temporarily stopped adding new people to the wait list.

- In the five years prior to our audit, approximately one in 10 beds in specialty psychiatric hospitals was occupied by patients who no longer needed to be treated in the hospital but could not be discharged due to the lack of available beds in supportive housing or at long-term-care homes. The cost of care there is less than one-fifth of what it is at specialty psychiatric hospitals.
- Some regions lacked long-term psychiatric beds. Beds dedicated for individuals with addictions were only available in six of the 14 LHINs. The lack of needed care resulted in the Ministry spending almost \$10 million between 2011/12 and 2015/16 to send 127 youths to the United States so that they could receive needed treatment.
- Between 2011/12 and 2015/16, there was a net reduction of 134 long-term psychiatric beds across the province. Thirty-two of those long-term beds that were closed were at specialty psychiatric hospitals due to the limited increase in funding.
- During our audit, the Ministry increased funding for specialty psychiatric hospitals by 2%. This increase was not supported by actual demand for specialty psychiatric services; nor did it target programs that had the biggest wait lists for treatment. Without mental health targets and relevant information, the Ministry and LHINs could not make effective funding decisions.
- A sample of patient files we reviewed at two of the specialty psychiatric hospitals were updated late or missing important information.
- The hospitals were increasing their use of part-time staff. The mix of full-time and part-time staff varied between the hospitals, and none had a target for this mix.
- The hospitals spent less money on direct patient care than other comparator hospitals and their spending had decreased. Since 2011/12, specialty psychiatric hospitals' spending on direct patient care had decreased by 2 cents, from 64 cents to 62 cents in 2015/16, out of every dollar that they received from the Ministry. This was 5% less (3 cents) than the average of 65 cents that other comparator hospitals in Ontario spent on direct patient care.
- CAMH had the only emergency department in Ontario that was exclusively for people experiencing mental health issues. The Ministry had no plans to create additional ones.
- In 2014, Waypoint opened a new building to house its high-security forensic program. Since then, 90 deficiencies affecting staff and patient safety were identified. As a result of several hospital staff being assaulted and injured, including one who was stabbed by a patient, the Ministry of Labour was called in and issued seven compliance orders to address safety issues that occurred in the new building.
- Each of the four specialty psychiatric hospitals developed their own standards pertaining to patient admission, treatment and discharge. These standards could differ, resulting in differences of how patients with the same diagnosis were regarded by each hospital.
- Specialty psychiatric hospitals were implementing new treatment methods to better treat certain mental illnesses. However, we found that there was no process for hospitals to share new treatment methods developed by their peers.
- Only one LHIN had a database whereby all providers of mental health services could look up patients' information to identify all the care and services those patients were receiving. A similar problem existed with the sharing of patients' information with the police. Police told us that some hospitals were not willing to share patient information, mainly because under the *Personal Health Information Protection Act*, personal

health information cannot be shared without express consent of the patient. Without this information, the police had to assume patients who left without authorization from specialty psychiatric hospitals posed a high risk of danger to the public, which could lead to a greater use of force.

We made 15 recommendations, consisting of 34 action items, to address our audit findings.

We received commitment from the Ministry and LHINs that they would take action to address our recommendations.

## Status of Actions Taken on Recommendations

We conducted assurance work between April 1, 2018, and August 3, 2018. We obtained written representation from the Ministry of Health and Long-Term Care (Ministry), Local Health Integration Networks (LHINs) and specialty psychiatric hospitals that, effective October 31, 2018, they have provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

### Patients Suffering from Longer Waits

#### Recommendation 1

*In order to ensure Ontarians know how long they need to wait for specialty psychiatric hospital services, the Ministry of Health and Long-Term Care should:*

- as soon as possible develop a consistent way to measure wait time information from specialty psychiatric hospitals;

**Status:** In the process of being implemented by the end of March 2021.

#### Details

Our 2016 audit found that while the Ministry collected and publicly reported wait times for a number of services offered at general hospitals, it had not developed a consistent way for specialty psychiatric hospitals to measure or report wait time information.

During our follow-up, we found that the Ministry, in partnership with the specialty psychiatric hospitals, has introduced an Access to Care initiative, which aims to use hospital data to track specific wait times, identify service gaps, and build a structure for public reporting and accountability. Funding for the Access to Care initiative is to be provided until December 2018 to refine wait-time indicators, initiate benchmarking activities, and improve data quality.

The Ministry has also started to standardize definitions of wait times in the mental health and addictions sector. Performance measurement work is expected to continue until the end of March 2021. Examples of some of the work to be completed in 2018/19 include:

- integrating community mental health and addictions screening and assessment data into one system;
- developing and tracking a new indicator on hospital readmissions within 30 days related to mental health and addictions; and
- using the Ministry-funded Adult Mental Health Scorecard published by the Institute for Clinical and Evaluative Sciences (ICES) as one of the key references to develop a provincial approach for measuring performance and wait times related to mental health and addictions.

- collect wait time information for in-patient and out-patient programs;

**Status:** In the process of being implemented by December 2018.

### Details

Our 2016 audit found one of the most significant consequences of longer wait times was the potential of persons harming themselves. Since 2011, Ontario Shores and The Royal were aware of seven people who died while waiting for a bed or an out-patient program.

As previously mentioned, the Ministry, in partnership with the specialty psychiatric hospitals, has worked on the Access to Care initiative to track specific wait times in order to provide the Ministry, hospitals and LHINs with information for making decisions and improving service delivery. The Ministry expects that the Access to Care initiative will be completed by December 2018.

- *publicly report this information.*  
**Status: Little or no progress.**

### Details

Our 2016 audit found a lack of public reporting on wait times for mental health services at specialty psychiatric hospitals, which decided what they wanted to report.

During our follow-up, we noted that wait-time information for in-patient and out-patient programs has not been publicly reported, as the Ministry is still in the early stage of collecting and measuring wait-time information. As mentioned above, the Ministry-funded ICES's Adult Mental Health Scorecard contains an indicator that measures wait times from referral to service initiation. The ICES and the Ministry will continue to monitor mental health and addictions system performance and will publish a scorecard report in two years' time. This will also entail developing common definitions for wait times.

The Ministry also informed us that in July 2018, it announced a commitment to invest \$1.9 billion to match the federal government's contribution, for a total of \$3.8 billion over the next 10 years to build a comprehensive mental health and addictions system that will meet the needs of Ontarians. The Government is focused on building accountability into

its work, including public reporting, to measure the impact of new investments. As a start, the ICES and Health Quality Ontario will engage in public reporting of hospital-based performance measures and wait time data related to the mental health and addictions system.

## Patients Who No Longer Need Psychiatric Hospital Care Cannot Be Discharged

### Recommendation 2

*In order to ensure that wait times are reduced and that health care dollars are spent in the most efficient way, the Ministry of Health and Long-Term Care, together with Local Health Integration Networks, should identify the causes and address the shortage of supportive housing and long-term-care home beds available for patients that cannot be discharged from specialty psychiatric hospitals.*

**Status: In the process of being implemented by the end of March 2019.**

### Details

Our 2016 audit found that about one in 10 beds in specialty psychiatric hospitals was occupied by patients who no longer needed to be treated in the hospital but could not be discharged due to the lack of beds in supportive housing or at long-term-care homes.

During our follow-up, the Ministry and the LHINs confirmed that a lack of supportive housing has prevented patients from being discharged from hospitals. The Ministry and LHINs have taken actions to address this issue. For example:

- In February 2017, the Ministry announced new funding to create up to 1,150 supportive housing units for people living with mental illness and addictions over two years (from 2017/18 to 2018/19).
- The Ministry has invested \$8.5 million in 2017/18 and is exploring how to continue supporting various programs (such as Safebed, Mental Health Court Support

Workers, and Release from Custody Workers) that are targeted at mental health patients involved in the justice system. These programs are intended to divert these patients from being incarcerated or admitted unnecessarily to hospitals, which may free up some long-term in-patient psychiatry beds for those who need them.

- The Champlain LHIN has worked with the City of Ottawa and supportive housing providers to create new housing spaces. Subsequent to our 2016 audit, the number of rent supplement units has increased by 78 units, and an additional seven full-time supportive-housing case managers and workers have been hired.
- The Toronto Central LHIN, in partnership with the supportive housing providers, has funded 68 new rent supplement units and 8.5 new case managers in 2017/18. The LHIN has submitted a plan to the Ministry to introduce another 72 rent supplement units and nine case managers in 2018/19.
- The North Simcoe Muskoka LHIN, working with the Ministry and regional partners, has developed a two-year initiative to support individuals with mental illness. In 2017/18, the LHIN allocated \$378,000 to fund 36 new supportive housing units and an additional 4.5 mental health case manager positions. In 2018/19, the LHIN will allocate an additional \$210,000 to support 20 more rent supplement units and 2.5 more case manager positions.
- The Ministry approved additional funding in January 2018 for the Central East LHIN to support 96 additional rent supplement units and 12 new intensive case management positions. Additionally, the Ministry indicated that it plans to collaborate with other ministries to address shortages in supportive housing.

## Long-Term Psychiatric Beds Closed across Province

### Recommendation 3

*In order to improve access for Ontarians to the mental health services they need as close to their own communities as possible, the Ministry of Health and Long-Term Care and Local Health Integration Networks (LHINs) should:*

- *determine the number of long-term psychiatric beds needed in each region of the province to meet the demand by Ontarians for these mental health services;*

**Status: Little or no progress.**

### Details

Our 2016 audit found that between 2011/12 and 2015/16, there was a net reduction of 134 long-term psychiatric beds across the province. Thirty-two of the long-term beds that were closed were at specialty psychiatric hospitals.

During our follow-up, we noted that the Ministry has not determined the number of long-term psychiatric beds needed in each region of the province to meet the demand by Ontarians for these mental health services.

As mentioned in **Recommendation 1**, the Ministry informed us that in July 2018, it was committed to investing \$1.9 billion to match the federal government's contribution, for a total of \$3.8 billion over the next 10 years to build a comprehensive mental health and addictions system that will meet the needs of Ontarians.

The Ministry informed us that it will continue to work with the LHINs and hospitals to determine their long-term psychiatric bed requirements as part of their regional planning and capacity analysis. The Ministry aims to achieve this through the commitment to invest \$1.9 billion over the next 10 years to build a comprehensive mental health and addictions system and the commitment to end hallway health care. For example, in the Toronto Central LHIN, CAMH has undergone a master planning process to determine ongoing needs for its

long-term psychiatric patients. The North Simcoe Muskoka LHIN has engaged Waypoint in capacity planning to determine the number of long-term psychiatric beds needed, and has begun using the Provincial Inpatient Mental Health Bed Registry to monitor long-term psychiatric bed occupancy.

Additionally, the Ministry is committed to working across government to address shortages in supportive housing. This could assist in reducing the demand for long-term psychiatric beds in hospitals.

- *set a target for the number of long-term psychiatric beds needed in each LHIN, monitor it regularly to ensure it is being achieved;*

**Status: Little or no progress.**

#### Details

Our 2016 audit found that a report in 1988 recommended all residents of Ontario have access to mental health services in or as close to their own communities as possible. Due to the absence of target levels of service across the province, almost 30 years later this was still not the case for sufferers of the most complex and severe forms of mental illness.

During our follow-up, the Ministry informed us that it will continue to work with the LHINs and hospitals to determine their long-term psychiatric bed requirements through regional planning and capacity analysis, as part of its commitment to invest \$1.9 billion over the next 10 years to build a comprehensive mental health and addictions system and end hallway health care, as mentioned in the previous action item.

- *publicly report this information.*

**Status: Little or no progress.**

#### Details

At the time of our follow-up, the Ministry informed us that there has been no public reporting on the target and the number of long-term psychiatric beds needed in each region of the province to meet the demand by Ontarians for these mental health services, because the guidelines for public report-

ing had not yet been developed. As mentioned in **Recommendation 1**, the Government is focused on building accountability into its work, including public reporting, to measure the impact of new investments. As a start, the ICES and Health Quality Ontario will engage in public reporting of hospital-based performance measures and wait time data related to the mental health and addictions system.

In addition, the LHINs informed us that they will work with the Ministry on standard public reporting. For example, the Champlain LHIN will determine appropriate indicators, including the number of beds and wait times by program and diagnosis, after its review of hospital performance in spring 2019. It intends to publicly report this information at that time.

## Ineffective Funding Results in Patient Needs Not Being Met

### Recommendation 4

*In order to deal with the growing wait times for specialty psychiatric hospital service, the Ministry of Health and Long-Term Care and Local Health Integration Networks should as soon as possible address those wait times that are long, as well as develop an overall strategy to reduce wait times, by:*

- *setting wait time targets for specialty psychiatric hospital services;*

**Status: In the process of being implemented by December 2018.**

#### Details

Our 2016 audit found that specialty psychiatric hospitals' accountability agreements with their respective LHINs were not based on any targets related to reducing wait times or improving the quality of care received by hospital patients.

As mentioned under the first action of **Recommendation 1**, the Ministry, in partnership with the specialty psychiatric hospitals, has worked on the Access to Care initiative, which aims to use hospital data to track specific wait times and

identify service gaps. The Ministry will endorse and adopt wait time indicators and targets through the Access to Care initiative. The Ministry expects that the Access to Care initiative will be completed by December 2018.

- *collecting relevant information, such as the number of long-term psychiatric beds that exist for each mental illness diagnosis and wait times, from specialty psychiatric hospitals to determine where additional funding should be allocated;*  
**Status: Little or no progress.**

#### Details

Our 2016 audit found that neither the Ministry nor the LHINs collected information from specialty psychiatric hospitals on what programs they offered, analyzed how many patients of each mental illness diagnosis they treated, or collected information on how long patients had to wait to be admitted to a hospital or an out-patient program.

During our follow-up, we noted that the Ministry had not collected from specialty psychiatric hospitals relevant information, such as the number of long-term psychiatric beds that exist for each mental illness diagnosis and wait times, to determine where additional funding should be allocated. The Ministry indicated that information relating to the Forensic Mental Health programs had been collected. For example, the Hospital Service Accountability Agreement requires specialty psychiatric hospitals to report on the number of forensic beds they have each year; wait times for court-ordered forensic assessments are monitored by the Ministry of Community Safety and Correctional Services; and inter-hospital transfer wait lists and wait times are monitored by the Ontario Review Board.

The Ministry indicated that it plans to use its data collection and performance measurement work on wait time definitions to assess health service use and quality. As mentioned in **Recommendation 3**, the Ministry will also continue to work with the LHINs and hospitals to determine their

long-term psychiatric bed requirements as part of regional planning and capacity analysis.

- *consider tying funding for specialty psychiatric hospitals' ongoing operations to the volume of service that they provide so that they can meet wait time targets.*

**Status: Little or no progress.**

#### Details

Our 2016 audit found that for 2016/17, the Ministry provided each specialty psychiatric hospital with a 2% increase in funding for its ongoing operations. However, this funding increase was primarily based on population growth and the change in inflation rate and not on actual demand for hospital services.

In order to ensure the delivery of high quality health services and shorter wait times, the Ministry indicated that it will work with the LHINs to make needs-based planning and funding decisions through the government's commitment to invest \$1.9 billion over the next 10 years to build a comprehensive mental health and addictions system.

## Spending on Direct Patient Care below Comparator Hospitals

### Recommendation 5

*In order to ensure that Ministry of Health and Long-Term Care funding is focused on direct patient care, specialty psychiatric hospitals should identify ways to shift more spending to patient care compared to non-patient care expenses.*

**Status: Fully implemented.**

#### Details

Our 2016 audit found that since 2011/12, spending by specialty psychiatric hospitals on direct patient care decreased by 2 cents, from 64 cents to 62 cents in 2015/16, out of every dollar spent. The remaining 38 cents were spent on non-direct patient expenses such as salaries for management, supplies and information systems.

During our follow-up, the hospitals indicated that a significant portion of their non-patient care

expenses or administrative costs are fixed costs (such as facilities and IT systems) and that reducing such costs will be an ongoing part of their annual planning as they seek to reduce costs and improve efficiency. We noted that the hospitals have taken actions to reduce administration costs in a number of non-clinical areas through improving their operational efficiencies, and to direct more funding toward clinical care for patients. For example:

- CAMH examined opportunities and was able to reduce its administration cost by \$1.1 million (from areas such as finance, legal, communications and information technology) in its operating plan for 2018/19.
- Ontario Shores has undertaken annual reviews of operational efficiencies to balance its budget and achieved savings of about \$600,000 in indirect care costs (mainly in general and program administration areas) in its 2018/19 budget.
- Waypoint examined opportunities and was able to reduce its overhead costs (from areas such as senior administration and house-keeping) by almost \$800,000 over two years (2017/18 and 2018/19).
- The Royal reviewed its operations from an efficiency perspective (such as group purchasing and centralizing administration staff) and was able to reduce its administration costs by about \$1.7 million in areas such as finance, information systems, supply chain and human resources.

## Differences in How Specialty Psychiatric Hospitals Provide Care

### Recommendation 6

*To create consistency in the delivery of mental health services across the province, the Ministry of Health and Long-Term Care should set a timetable for the development of mental health standards. These standards should include:*

- *clear definitions and guidelines specialty psychiatric hospitals should be required to follow in terms of which patients they admit to their hospitals (such as requiring hospitals to use the Level of Care Utilization System at admission);*  
**Status: Little or no progress.**

### Details

Our 2016 audit found that, although other jurisdictions (such as Nova Scotia and the United Kingdom) had mental health standards at specialty psychiatric hospitals, such standards did not exist in Ontario and there was no timetable set to create them.

During our follow-up, we found that Health Quality Ontario (HQP), which is the agency that advises the Ministry and health-care providers on the evidence to support high-quality care, has developed a number of quality standards related to the provision of care for individuals with mental health and addiction-related diagnoses. Mental health and addiction-related quality standards that have been completed include major depression, schizophrenia, behavioural symptoms of dementia, opioid use disorder, opioid prescribing for chronic pain, and opioid prescribing for acute pain. Mental health and addiction-related quality standards under development include anxiety disorders, obsessive compulsive disorder, and alcohol use disorder. HQP has also developed Recommendations for Adoption (or Implementation Plans) for each quality standard. HQP has communicated the quality standards and recommendations to the Ministry and health-care service providers.

However, we found that the quality standards do not specify admission criteria for specialty psychiatric hospitals to follow. The Ministry informed us that the goal of the quality standards is to provide broadly applicable guidance around high-quality, evidence-based and inter-professional care for mental health patients across multiple settings, including but not limited to, in-patient care. They are intended to be used as a basis for quality improvement, but are not mandatory

requirements intended to specify definitive clinical practices in any one particular setting. Therefore, the quality standards are not developed explicitly for specialty psychiatric hospitals and do not specify admission criteria.

The Ministry further indicated that admission is based on clinical decisions made by physicians. Hospitals have developed their own clinical pathways and practice guidelines to help standardize care and improve quality in their organizations. Regulatory colleges and other professional organizations also provide guidelines or best practice for clinical practice. Admission conditions are outlined by the *Public Hospital Act* and *Mental Health Act*. According to the Ministry, physicians control admission based upon their clinical expertise, and the Ministry has delegated the control of regulated health professionals, including physicians, to the professional colleges under the *Regulated Health Professions Act*.

Additionally, the Ministry informed us that the Forensic Directors Group of Ontario (formed by the specialty psychiatric hospitals and designated forensic psychiatric hospitals) has created a document on admissions principles, which sets out principles for the forensic programs to follow when addressing wait list issues and admissions of court-ordered assessment clients. Adherence to these principles is not monitored by the Ministry, as issues are identified by the hospital or through the court system.

- *how similar patients should be treated;*

**Status: Little or no progress.**

#### Details

Our 2016 audit found that mental health standards improved consistency in the care that people with the same diagnosis received across different hospitals. However, these standards did not exist in Ontario.

As previously mentioned, HQO has developed mental health-related quality standards. However, the Ministry informed us that the goal of the quality standards is to provide broadly applicable

guidance around high-quality, evidence-based and inter-professional care for mental health patients across multiple settings, including but not limited to, in-patient care. They are intended to be used as guidelines to enable quality improvement, but are not mandatory requirements intended to specify definitive clinical practices in any one particular setting. The Ministry further indicated that treatment is based on clinical decisions made by physicians. Hospitals have developed their own clinical pathways and practice guidelines to help standardize care and improve quality in their organizations. Regulatory colleges and other professional organizations also provide guidelines or best practice for clinical practice. Additionally, the Ministry indicated that treatment of forensic clients is also determined by the Ontario Review Board (Board), which has jurisdiction over individuals who have been found by a court to be either unfit to stand trial or not criminally responsible on account of mental disorder. The Board's dispositions provide standards and guidelines around delivery of care and information concerning the clients' hospital, facility, and/or doctor.

- *how and when they should be discharged from the hospital.*

**Status: Little or no progress.**

#### Details

Our 2016 audit found that each specialty psychiatric hospital developed its own standards pertaining to patient discharge. These standards sometimes varied between hospitals.

As previously mentioned, HQO has developed quality standards, which include statements associated with patient discharge from the hospitals. For example, adults with a primary diagnosis of schizophrenia discharged from an in-patient setting should have a follow-up appointment within seven days and should have a team or provider, who is accountable for communication, co-ordination and delivery of a care plan that is tailored to each patient's needs.

While HQO's quality standards, which are not mandatory, include statements associated with best practices following a patient's discharge from hospitals, they do not include specific statements related to how and when patients should be discharged. The Ministry indicated that discharge is based on clinical decisions made by physicians. Hospitals have developed their own clinical pathways and practice guidelines to help standardize care and improve quality in their organizations. Regulatory colleges and other professional organizations also provide guidelines or best practice for clinical practice. Discharge conditions are outlined by the *Public Hospitals Act* and *Mental Health Act*. According to the Ministry, physicians control discharge based upon their clinical expertise, and the Ministry has delegated the control of regulated health professionals, including physicians, to the professional colleges under the *Regulated Health Professions Act*. Additionally, the Ministry indicated that discharge of forensic clients is also determined by the Ontario Review Board as mentioned above. The Board's dispositions provide information concerning the clients' hospital, facility and/or doctor that the individuals must remain connected to. The dispositions also detail what level of security (maximum, medium or minimum) the individuals will be placed in.

### Recommendation 7

*To ensure that all of a patient's treatment needs are identified and documented, specialty psychiatric hospitals should:*

- *train staff on the need for admission assessments to be completed for all patients;*

**Status: Fully implemented.**

#### Details

Our 2016 audit found that when admitting patients, staff at each specialty psychiatric hospital were required to perform a number of assessments to identify treatment needs. However,

many patients' files were missing some of the required assessments.

During our follow-up, we found that hospitals have taken actions to reflect best practices, such as performing literature reviews, conducting gap analyses and revising their admission assessment and documentation processes. The hospitals have also educated staff on the need for admission assessments to be completed for all patients. For example, CAMH and The Royal have implemented a new nursing workflow at all in-patient units. The nursing workflow sets out the documentation standards and procedures, as well as requirements that outline all assessments to be completed upon admission. As well, Waypoint and Ontario Shores have reviewed their admission policies to ensure alignment with best practices and educated all nursing staff on the revised patient admission assessments. They have also developed education plans that provide clinical staff, managers and clinical nurse specialists with details on what should be undertaken to support the implementation and adoption of practices and documentation.

- *conduct regular audits of patient files to verify staff are completing these assessments required by hospital policy and take corrective action when this is not occurring.*

**Status: Fully implemented.**

#### Details

Our 2016 audit found that files related to admission assessment were missing at some specialty psychiatric hospitals.

During our follow-up, we noted that the hospitals conducted audits on a monthly basis in 2017 to ensure that their staff have complied with hospital policies related to admission, such as completing the Psychosocial Assessment within 21 days of admission; completing the Nursing Mental Health History Assessment within 72 hours of admission; using the Admission Order Set on admission; and updating the Plan of Care monthly. The hospitals reported and addressed any deficiencies found

during the audits, then contacted staff and clinical managers monthly to remedy any gaps identified.

The hospitals have also undertaken monitoring activities to ensure that their staff followed policies. For example, CAMH has required that its physician records be routinely audited by the office of its Psychiatrist-in-Chief, and The Royal has plans to replace its manual audit process with an automated process after it implements the next iteration of the electronic health records in June 2019.

### Recommendation 8

*In order for patients to be given the highest quality of care, specialty psychiatric hospitals should:*

- *review their care planning policies to confirm they incorporate best practices for patient care planning;*

**Status: Fully implemented.**

#### Details

Our 2016 audit found that each specialty psychiatric hospital was required to do a mandatory assessment of patients during admission in order to identify key health and behavioural risks. We found cases where hospitals did not document all significant risks and needs identified in the patient's care plan.

During our follow-up, we noted that the hospitals have participated in reviews and activities to ensure that they have incorporated best practices for patient care planning. Key activities completed include conducting literature reviews of best practices in care planning; reviewing policies to ensure alignment with findings from literature reviews; drafting and sharing care policies among hospitals; and reviewing care planning expectations and documents.

- *perform an analysis to determine why staff are not following the hospital's patient care plan and discharge planning policies;*

**Status: Fully implemented.**

#### Details

Our 2016 audit found that the requirements for care planning at each specialty psychiatric hospital differed and many care plans were completed late or missing required information.

During our follow-up, we found that hospitals have performed analyses to determine why staff did not follow patient care plan and discharge planning policies. Specifically:

- *Waypoint and Ontario Shores conducted gap analyses in relation to care planning and discharge practices, and made changes such as improving documentation and workflow, implementing standardized care plans, as well as reviewing plan of care reports monthly.*
  - *The Royal launched a quality improvement initiative to determine and analyze factors that influence compliance with care planning expectations.*
  - *CAMH conducted audits to review completion rates of patient care plans in order to determine if and why staff were not following the requirements.*
  - *require staff to determine appropriate programs and activities that will help with each patient's treatment and incorporate these into each patient's care plan. Develop methods to encourage patients to participate in these identified activities;*
- Status: Fully implemented.**

#### Details

Our 2016 audit found cases where patients' care plans did not usually include any clear goals for the type or amount of activities and programs that patients should participate in.

During our follow-up, we noted that specialty psychiatric hospitals have required staff to determine appropriate programs and activities that will help with each patient's treatment and incorporate these into each patient's care plan. The hospitals have also required staff to monitor the completion

rate of care plans and implemented electronic documentation of care plans in order to incorporate evidence-based practices (such as clinical protocols and quality standards) and patient's recovery goals.

Specifically, The Royal has updated its care plans to ensure meaningful interventions and activities designed for patients. It has also worked with clinicians and patients to determine activities that would assist with recovery, and made changes in its staff mix to ensure the availability of activities aligned with patient needs. In addition, CAMH has engaged patients to participate in the development of care plans in order to determine care planning goals and programs based on patient needs.

- *take corrective action so that all aspects of the hospital's care planning and discharge planning policies can be completed by staff. These policies include:*
  - *adding all identified patient risks in care plans;*
  - *completing care plans on time;*
  - *including all critical information in care plans;*
  - *having regular meetings to update the care plan; and*
  - *performing discharge planning once a patient has been admitted.*

*The corrective action should be done by management in collaboration with staff to ensure that time spent completing the necessary documentation does not take away from direct patient care.*

**Status: Fully implemented.**

#### Details

Our 2016 audit found that the goals in the patients' care plans were not updated on a regular basis. Discharge plans were also done late or not documented.

During our follow-up, we found that specialty psychiatric hospitals have taken actions to ensure that their staff have met the requirements of the

hospital's care planning and discharge planning policies. For example:

- As previously mentioned, The Royal has updated its care plans to ensure meaningful activities designed for patients.
- Waypoint and Ontario Shares have conducted regular audits of care plans and shared audit results with clinical managers to ensure corrective actions have been taken.
- Ontario Shores has included "adherence to plan of care being updated monthly" as a performance indicator on its balanced scorecard.
- Waypoint has implemented a discharge initiative, which includes distributing a discharge note (with information from the patient's medical records) to the patient's out-patient primary care provider within 48 hours after discharge and setting appointments within seven days of discharge as part of the discharge plan.
- CAMH has implemented electronic health record optimization activities to streamline documentation practices through working with physicians and staff.

#### Recommendation 9

*Specialty psychiatric hospitals should continue to develop treatment methods and establish an ongoing forum for sharing them with the other specialty psychiatric hospitals and with other general hospitals that also provide mental health services.*

**Status: Fully implemented.**

#### Details

Our 2016 audit found that there was no process for specialty psychiatric hospitals to share new treatment methods developed by their peers.

During our follow-up, we found that specialty psychiatric hospitals are now sharing information with each other with respect to mental health care. For example, as mentioned under **Recommendation 6**, HQO has developed quality standards for mental health care. The hospitals we audited in 2016 have been working together to implement the

HQO quality standards in schizophrenia, dementia and depression by developing a common and standardized reporting tool to monitor adherence at their hospitals. The hospitals have selected 15 indicators to be included in the standardized reporting tool, such as “percentage of patients with suspected severe major depression who have received a comprehensive assessment within seven days of initial contact (referral received).”

In January 2018, working groups were established and final definitions for each of the 15 indicators were approved by the steering committee. Each hospital has submitted a plan for implementing the standards and measurement of the 15 common indicators.

## Lack of Ministry Oversight and Information May Be Hindering Improved Mental Health Patient Care

### Recommendation 10

*To better understand how accessible, available and effective mental health services are provincially, including specialty psychiatric hospital services, the Ministry of Health and Long-Term Care should:*

- *perform an analysis to determine why emergency department visits for mental health treatment have increased provincially;*

**Status: In the process of being implemented by the end of March 2021.**

### Details

Our 2016 audit found that between 2011/12 and 2015/16, emergency room usage for mental health reasons increased 21%, while Ontario’s population grew by only 4%. However, the Ministry had not conducted any analysis to determine why emergency department visits for mental health reasons had increased.

As mentioned under the first action of **Recommendation 1**, through the Ministry’s Data Strategy and the Adult Mental Health Scorecard published

by the Institute for Clinical and Evaluative Sciences, indicators will be developed to enable tracking and analysis of emergency department visits for mental health and addictions. An indicator on “in-patient hospital readmissions within 30 days for mental health and/or addictions treatment” will be implemented in 2018/19. After this, the Ministry intends to perform an analysis by the end of March 2021 by using the results of this indicator and other hospital-based performance indicators to determine the reasons for the increase of emergency department visits for mental health treatment.

- *conduct a review and adopt better indicators and targets for assessing mental health, such as those used by specialty psychiatric hospitals in their Mental Health and Addictions Quality Initiative scorecard.*

**Status: In the process of being implemented by the end of March 2021.**

### Details

Our 2016 audit found that the Ministry had only two targets directly related to mental health to assess access to and availability of community services for mental health conditions and substance abuse in each LHIN.

As previously mentioned, through the Ministry’s Data Strategy and the Institute for Clinical and Evaluative Sciences’ Adult Mental Health Scorecard, work has been underway to develop mental health and addictions indicators and targets. The Ministry indicated that the Data Strategy is ongoing, with all indicators and targets to be developed, populated and implemented by the end of March 2021. The Ministry also indicated that new indicators will be developed beyond 2021 as the need arises.

## Not Enough Mental Health Emergency Departments

### Recommendation 11

To allow people with mental health and addiction issues to access the care they need as quickly as possible, the Ministry of Health and Long-Term Care should conduct a review to determine whether there is benefit in creating additional dedicated mental health emergency departments within general or specialty psychiatric hospitals. These departments would allow patients to be treated in a safe manner and be able to be transferred directly from the emergency department to long-term psychiatric beds at specialty psychiatric hospitals when needed.

**Status:** In the process of being implemented by the end of November 2019.

### Details

Our 2016 audit found that CAMH had the only emergency department in Ontario that was exclusively for those experiencing mental health issues. Despite there being benefits to having dedicated mental health emergency rooms, the Ministry had no plans to create additional ones.

At the time of our follow-up, we noted that the Ministry has developed a draft project charter with scope and work plan for a Mental Health Emergency Department Review. This review is to assess and determine the features, benefits and considerations of, and barriers and alternative solutions to, developing a dedicated mental health emergency department. The Ministry expects that the review will be completed by the end of March 2019.

## Lack of Patient Information Sharing

### Recommendation 12

To improve the way in which mental health stakeholders across the province share information, the Ministry of Health and Long-Term Care should:

- work with Local Health Integration Networks (LHINs) and set a timetable for the sharing

of information in each LHIN so that regional mental health service providers can share what services they provide to patients with each other;

**Status:** In the process of being implemented by September 2019.

### Details

Our 2016 audit found that the Ministry had not ensured that the same level of co-ordination and information sharing existed between different mental health stakeholders.

As mentioned under the first action of **Recommendation 1**, the Ministry has initiated a Data Strategy, which will integrate both addictions and mental health assessment records through the Integrated Assessment Record (IAR). The IAR will allow service providers across Ontario to share and access patients' assessment records between multiple sectors, including the LHINs, community mental health and addiction agencies, community support services, and long-term-care homes, in order to identify service overlaps and gaps. Work in progress includes adding the capacity to obtain client service utilization information and integrating community addictions assessments into the IAR. Work related to the IAR is expected to be completed by September 2019.

- work with LHINs and specialty psychiatric hospitals to develop processes for hospitals to share information across LHINs (to other mental health service providers and hospitals) for the benefit of patients and service providers;

**Status:** Fully implemented.

### Details

Our 2016 audit found that only one LHIN had a database that allowed all providers of mental health services to look up patients' information to identify all the care and services that patients were receiving.

During our follow-up, we noted that the Ministry has worked with the LHINs and hospitals to share information and practices through meetings, forums and information sharing systems, such as

the Integrated Assessment Record (IAR) as mentioned earlier, which provides a central repository for clinical assessment data collected from multiple in-patient and community care sectors. Assessments from in-patient mental health settings such as specialty psychiatric hospitals are viewable by community mental health and addictions providers, and vice versa, which strengthens the ability of providers to provide co-ordinated and informed care throughout the patient’s journey through the health system.

The LHINs have also developed processes to collect and share information. For example, in the Toronto Central LHIN, the Mental Health and Addictions Acute Care Alliance (Alliance) is a collaboration involving the Department of Psychiatry at the University of Toronto and seven hospital-based psychiatric programs funded by the LHIN. The key purpose of the Alliance is to facilitate community partnerships and knowledge sharing. As well, the Central East LHIN, North Simcoe Muskoka LHIN, and Champlain LHIN have worked with the specialty psychiatric hospitals in their regions to facilitate information sharing. The LHINs have worked together to expand a Hospital Information System, which has enabled hospitals in their regions to develop and implement best practices and clinical standards; support mental health research; enhance the use of common technology and standardized processes; and improve operational efficiency.

- *develop protocols for hospitals to share information with police to ensure police can obtain the information they need to do their job while protecting patient privacy.*

**Status: Little or no progress.**

#### Details

Our 2016 audit found that hospitals were not willing to share patient information with the police, mainly because under the *Personal Health Information Protection Act*, personal health information cannot be shared without express consent of the

patient. Without this information, the police had to assume patients posed a high risk of danger to the public, which could lead to excessive use of force.

During our follow-up, we noted that the Ministry of Health and Long-Term Care and the Ministry of Community Safety and Correctional Services have provided funding to the Provincial Human Service and Justice Coordinating Committee to develop a province-wide protocol for hospitals to share information with police. The protocol, called “Improving Police-Hospital Transitions: A Framework for Ontario”, was under development in collaboration with a variety of stakeholders including the LHINs, Ontario Hospitals Association, Ministry of the Attorney General, and policing organizations. The release date of this framework has not been determined.

## Staff Seek Improved Safety

### Recommendation 13

*To help ensure that staff feel safe while at work, specialty psychiatric hospitals should:*

- *update their policies to require management to keep staff regularly informed on what changes they are making to improve security and staff safety so that reported security incidents do not occur again;*

**Status: Fully implemented.**

#### Details

Our 2016 audit found that specialty psychiatric hospitals did not require management to communicate with their staff about what actions they took to prevent all reported safety and security incidents from occurring again.

During our follow-up, we found that the hospitals have updated their policies to require management to keep staff regularly informed on changes made to improve security and staff safety through various methods such as Joint Occupational Health and Safety Committees, Violence in the Workplace Committees, department or program

meetings, system-wide emails and intranets. The hospitals have also kept their staff informed and updated through safety education, which includes courses such as crisis prevention, emergency code training, conflict management, respect and civility training, Gentle Persuasion Approach (GPA), and PIECES—Physical, Intellectual, Emotional, Capabilities, Social.

- *continue to survey staff on their satisfaction with management's response to reported safety incidents and take corrective action when staff satisfaction remains low.*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we found that almost 60% of staff who responded to staff surveys conducted at specialty psychiatric hospitals indicated that management was not taking effective action in response to reported safety incidents.

During our follow-up, we noted that the hospitals have continued to conduct staff surveys annually or bi-annually. The surveys included questions related to staff experience on health and safety issues, such as asking staff if they thought management responded in a timely manner to safety incidents and took corrective action to safety incidents. The surveys were conducted by external firms to ensure confidentiality and consistent benchmarking among hospitals. Survey results were reported to all staff as well as hospitals' boards of directors. We noted that hospitals have taken corrective actions to address issues identified by the survey. Examples of actions taken by the hospitals include adding more security officers who are dedicated to clinical services to enhance staff and patient safety; introducing mandatory crisis prevention and intervention training; upgrading equipment on some patient care units to monitor patient activity; and reviewing communication processes related to health and safety updates to staff.

#### Recommendation 14

*To help ensure that staff can feel safer in the new forensic building, the Waypoint Centre for Mental Health Care (Waypoint), in collaboration with staff, should:*

- *address all design deficiencies impacting staff and patient safety in a formal action plan with set target dates for completion of each deficiency;*

**Status: In the process of being implemented by the end of December 2018.**

#### Details

Our 2016 audit found that in May 2014, Waypoint relocated its forensic patients into a newly constructed building. In the first year after relocation, 90 deficiencies contributed to more than 470 reported safety hazards.

During our follow-up, we found that Waypoint had addressed all but two of these issues. The remaining two (noise mitigation and training for nursing staff to monitor some of the security functions) are expected to be completed by the end of December 2018.

- *communicate this plan to staff;*

**Status: In the process of being implemented by the end of December 2018.**

#### Details

Our 2016 audit found that from May 2014 to April 2016, the Ministry of Labour issued 12 compliance orders to address safety issues that occurred in the new building at Waypoint.

During our follow-up, we noted that Waypoint has regularly communicated to staff its action plan for issues related to the forensic building. For example, in March 2018, Waypoint issued a memo providing all staff with updates on the status of the two remaining issues mentioned above. Waypoint intends to continue to communicate its action plan to staff until the remaining issues are addressed by the end of December 2018.

- regularly update staff on deficiencies that have been resolved.

**Status: In the process of being implemented by the end of December 2018.**

### Details

As part of its regular communication to staff about its action plan related to issues in the forensic building, Waypoint made available to all managers its issues log so managers could share updates with staff. Any improvements to the forensic building have been communicated to staff through various sources (such as Health and Safety Co-ordinators, the redevelopment team and Vice President of Clinical Services). Memos and updates have been saved on the hospital's intranet site.

Waypoint held regular meetings with its program directors and staff until August 2017, at which point most of the issues had been addressed. Waypoint also provided formal updates on the resolution of forensic building issues at a staff information session in November 2017. The most recent update on the status of the two remaining issues was communicated to all staff through a memo issued in March 2018. Waypoint intends to continue to communicate its action plan to staff until the remaining issues are resolved by the end of December 2018.

## Staffing Not Based on the Level Needed for Best Patient Care

### Recommendation 15

*To help ensure that hospital staffing is at a level that allows for patients to receive the highest quality care, specialty psychiatric hospitals should:*

- review best-practice literature to develop guidelines, where relevant, for staff-to-patient ratios and full-time to part-time staffing compositions for all hospital programs;

**Status: Fully implemented.**

### Details

Our 2016 audit noted that the Registered Nurses' Association of Ontario (RNAO) consistently recommended that 70% of all nursing staff should be full-time. Only one of the four specialty psychiatric hospitals we audited was above this ratio, and all had fewer full-time staff as a percentage of overall staff than they did five years earlier.

During our follow-up, we noted that the hospitals had engaged an international think-tank to perform a literature review of best practices for staff-to-patient ratios. The review did not find evidence supporting prescribed staffing ratios in the mental health sector. For example, it reported that

- In 2015, the National Institute for Health and Care Excellence in the United Kingdom developed a guideline on safe staffing for nursing in in-patient mental health settings. As part of its development of the guideline, it conducted a review that did not find any evidence identifying "how minimum staffing levels or ratios may support safer nursing in in-patient mental health settings".
- In January 2018, the National Quality Board in the United Kingdom developed a resource for mental health services to inform staffing decisions. The resource set expectations in three key areas (right staff, right skills, and right place and time) but did not prescribe staffing ratios.

In the absence of evidence to support prescribed staff-to-patient ratios, the hospitals have been using evidence-based frameworks to guide staffing decisions. These include the "Staff Mix Decision-Making Framework for Quality Nursing Care" developed by the Canadian Nursing Association in 2012 and "Developing and Sustaining Safe, Effective Staffing and Workload Practices" developed by the RNAO in 2017.

- use this information when making hospital program staffing decisions.

**Status: Fully implemented.**

### Details

Our 2016 audit found that specialty psychiatric hospitals did not have target staff-to-patient ratios, making it unclear if existing staffing levels were appropriate.

During our follow-up, we found that the hospitals have assessed staff-to-patient ratios and staffing mix to meet their operational needs. As previously mentioned, in the absence of evidence from literature reviews to support prescribed staff-to-patient ratios, the hospitals have been using evidence-based frameworks to guide staffing decisions.

In addition, when the hospitals completed their annual operating plans and assessment of other special project initiatives, they also reviewed opportunities to optimize staff skill mix and utilization.

## Chapter 1

### Section 1.13

# Supply Chain Ontario and Procurement Practices

Follow-Up on VFM Section 3.13, 2016 Annual Report

#### RECOMMENDATION STATUS OVERVIEW

|                   | # of<br>Actions<br>Recommended | Status of Actions Recommended |                                    |                          |                            |                         |
|-------------------|--------------------------------|-------------------------------|------------------------------------|--------------------------|----------------------------|-------------------------|
|                   |                                | Fully<br>Implemented          | In Process of<br>Being Implemented | Little or No<br>Progress | Will Not Be<br>Implemented | No Longer<br>Applicable |
| Recommendation 1  | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 2  | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 3  | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 4  | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 5  | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 6  | 3                              | 1                             | 2                                  |                          |                            |                         |
| Recommendation 7  | 2                              | 1                             | 1                                  |                          |                            |                         |
| Recommendation 8  | 1                              |                               | 1                                  |                          |                            |                         |
| Recommendation 9  | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 10 | 2                              | 2                             |                                    |                          |                            |                         |
| Recommendation 11 | 3                              | 1                             |                                    | 2                        |                            |                         |
| Recommendation 12 | 3                              | 1                             | 2                                  |                          |                            |                         |
| <b>Total</b>      | <b>20</b>                      | <b>12</b>                     | <b>6</b>                           | <b>2</b>                 | <b>0</b>                   | <b>0</b>                |
| <b>%</b>          | <b>100</b>                     | <b>60</b>                     | <b>30</b>                          | <b>10</b>                | <b>0</b>                   | <b>0</b>                |

## Overall Conclusion

As of June 29, 2018, the Ministry of Government and Consumer Services (Ministry), on behalf of the ministries across the province, and the Treasury Board Secretariat (Secretariat) have fully implemented 60% of the actions we recommended in our 2016 Annual Report. For example, Supply Chain

Ontario reviewed the impact of access fees on businesses for the online procurement systems (one called Ontario Tenders Portal and the other called Registration, Appraisal and Qualification System for the Ministry of Transportation of Ontario) and decided to remove the fees from the online procurement system, effective April 1, 2018, to support small- and medium-sized businesses in bidding on government contracts.

The Ministry and the Secretariat have made progress phasing in 30% of the recommended actions. For instance, they developed scorecards to evaluate suppliers' performance and piloted them at all Information and Information Technology Clusters. They also plan to include performance evaluations as a mandatory requirement when the Ministry renews its master listing of preferred suppliers in 2019.

There has been little or no progress on the remaining 10% of actions. For example, the cost of middleman fees charged by preferred suppliers on IT consultant rates remains unknown. The Secretariat assessed and adjusted the overall IT consultant fee rates to match the market rate, but it did not assess the middleman fees separately. This meant that it could not study and recommend the most cost-effective way for the government to procure IT consulting services. The Secretariat and the Ministry plan to start collecting information on middleman fees from preferred suppliers when it renews its master listing of preferred suppliers in 2019.

The status of actions taken on each of our recommendations is described in the following sections.

## Background

The process of procuring goods and services by the Government of Ontario is intended to be open, fair and transparent. The government spends an average of \$3.5 billion annually on procuring goods and services. (This does not include spending on the construction of capital assets, such as highways and buildings.)

The individual government ministries across the province independently make decisions on what goods and services they require. The Treasury Board Secretariat (Secretariat) is responsible for updating and maintaining the rules and best practices for procurements that are laid out in the Ontario Public Service Procurement Directive (Dir-

ective). The ministries are required to follow these procurement requirements.

According to these requirements, ministries must first source goods and services from arrangements of preferred suppliers. These suppliers are selected through a competitive process by Supply Chain Ontario (SCO) to ensure that the ministries receive the best price for quality goods and services. The ministries select preferred suppliers to bid on their procurement contracts, and the winning supplier(s) provides the goods, services or consultants. For some goods and services, such as office supplies and courier services, SCO selects a single preferred supplier for all the ministries to use in order to get the lowest price through bulk purchasing.

The largest preferred supplier arrangement is IT Consulting Services. This service allocates, based on need, either internal IT staff or external IT consultants to ministries. It is managed by the Secretariat. The ministries make a request to the Secretariat for their IT staffing, which the Secretariat first tries to fill with internal employees. If none are available, it will help ministries find external IT consultants with the required expertise.

Overall in our 2016 audit, we found that ministries were following the procurement requirements and that procurement of goods and services was mostly competitive, fair and cost-effective. However, we did find examples where the procurement requirements were not followed. We also noted that the government was not taking full advantage of bulk buying opportunities. In addition, we noted that a shortage of internal IT staff resulted in an overreliance on more costly external IT consultants. We further noted some weaknesses in how ministries procured IT consultants that left the process vulnerable to fraud.

Some of our specific findings were as follows:

- We found that SCO managed preferred supplier arrangements effectively. The files were complete, awards were justifiable and the process was fair and done competitively according to the procurement requirements.

- SCO lacked information to identify bulk buying opportunities. It did not have ready access to ministries' procurement information because there was no centralized electronic database. For example, it could tell whether a supplier received a payment of \$500,000, but did not know whether the payment was for one contract or 10 contracts, the duration of the contract, or what good or service was purchased.
- A shortage of internal IT staff led to an overreliance on consultants, who cost more annually than a full-time employee. Over the two years prior to our audit in 2016, the ministries' approximately 3,200 requests for IT staff were filled about 90% of the time by external consultants. Part of the extra costs of using consultants was the middleman fee paid by the ministries to the preferred supplier for placing a consultant.
- Consultants were hired without in-person interviews, payments to consultants could be authorized by the same person who hired them, and the Secretariat, which processed these payments, did not perform any additional review to ensure payments were legitimate.
- In 2014, SCO implemented a new online procurement system intended to make the bid process more efficient and paperless. It was designed to conduct tenders online. However, concerns with the system, such as limiting the number of characters in data fields where suppliers input their bids, affected the bidding process. As a result, suppliers continued to submit paper bids that were assessed manually. SCO intended to make the system mandatory by January 2017.
- New system user fees charged to suppliers were two-and-a-half times higher than those charged before the new system was put in place. The increase in fees raised concern that small businesses might be discouraged from bidding on government contracts.

We made 12 recommendations, consisting of 20 action items, to address our audit findings.

We received commitment from the Ministry, on behalf of the ministries, and the Secretariat that they would take action to address our recommendations.

## Status of Actions Taken on Recommendations

We conducted assurance work between April 2, 2018, and June 29, 2018. We obtained written representation from the Ministry of Government and Consumer Services (Ministry), on behalf of the ministries, and Treasury Board Secretariat (Secretariat) that, effective October 31, 2018, they have provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

### Ministries are Mostly Following Procurement Requirements

#### Recommendation 1

*In order to ensure that the correct procurement policy is followed and value for money is obtained on all procurements, ministries should take more care in estimating the costs of their required goods or services to ensure that they use the correct procurement method.*

**Status: Fully implemented.**

#### Details

In our 2016 audit, we found that in over 90% of samples that we reviewed, ministries properly planned their procurements. However, we also found that ministries needed to do a better job at estimating the costs of their required goods and services to ensure that they selected the procurement method that could achieve the most value for money. Failure to properly estimate the value of the procurement can result in the ministry following the wrong procurement method.

Following our audit, the Ministry established the Chief Administrative Officers Reference Group (CAO Group), whose members represented ministries' CAOs from across government. Its mandate is to provide guidance on how to put our recommendations into practice regarding compliance with procurement policy and best practices. The CAO Group concluded that the most effective way to adhere to procurement requirements was through learning and training. Supply Chain Ontario (SCO) provided a training day in February 2017, which more than 250 procurement staff across ministries attended. The agenda included training on estimating procurement value.

In addition, on behalf of the ministries, the Ministry obtained procurement examples from various ministries we selected for the purpose of our follow-up, based on our 2016 findings. The Ministry checked whether the ministries estimated the value of goods prior to requests for bids based on sound cost analysis. It found, for example, in one multi-year procurement, one ministry performed detailed costing analysis based on the expenditure from the previous contract as well as possible changes in demographics and economics, such as the aging population and increasing minimum wage. As a result, the correct procurement method was selected.

### Recommendation 2

*In order to ensure that value for money is obtained on all invitational procurements, the ministries should ensure that the required number of preferred suppliers are given the opportunity to bid on providing the required goods or services.*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we found that in over 95% of samples we reviewed, the ministries followed the procurement requirements and invited the correct number of preferred suppliers, according to the procurement requirement. However, we found examples where the value of the procurement

warranted a more competitive approach. By not opening these procurement opportunities to the appropriate number of suppliers, these ministries limited the competitiveness of these procurements and might not have received value for money.

As mentioned in **Recommendation 1**, SCO organized a government-wide training symposium in February 2017 for government procurement staff to reinforce procurement best practices. The training included ensuring the correct number of suppliers are invited to bid.

In addition, the Ministry obtained procurement examples from select ministries to confirm that the required number of preferred suppliers are given the opportunity to bid. For example, when one ministry procured services with an estimated cost of \$145,000, the ministry invited five preferred suppliers to bid on the contract, which met the minimum requirement of three.

### Recommendation 3

*In order to ensure that the use of non-competitive procurement is defensible if questioned, the reasons for its use should be adequately documented.*

**Status: Fully implemented.**

#### Details

Our 2016 audit found that, overall, non-competitive procurements were well documented and met the allowable conditions. However, we noted some exceptions where the ministries did not justify or document their reasons for using a non-competitive process.

As mentioned in **Recommendation 1**, SCO held a training symposium in February 2017, during which a special session was held on documenting procurement decisions.

In addition, the Ministry obtained procurement examples for this follow-up from select ministries to verify that non-competitive procurements are well documented by the ministries. For example, when one ministry used a non-competitive procurement for consulting services, it documented its rationale properly with appropriate approvals. In this case,

none of the suppliers that responded to the initial open-competitive bidding for the services were qualified. As a result, this ministry used a non-competitive procurement to hire another supplier that met the specific criteria for the services.

#### Recommendation 4

*In order to ensure that the procured goods are received as expected and services are rendered, the payments should only be made in accordance with contract terms, which usually require payments after the goods are received or services rendered.*

**Status: Fully implemented.**

##### Details

In our 2016 audit, we found that in almost all the samples we reviewed, ministries followed the payment terms stated in their contracts. These terms usually require ministries to pay suppliers only after goods are delivered or services rendered. However, we found a few exceptions where payments were made earlier than required and before services were provided.

Again, the Ministry obtained procurement examples from select ministries for our follow-up to verify that the ministries were making payments in accordance with contract terms. For example, the ministries were able to show that they followed the terms in the contracts and paid after the goods were received and/or services were rendered.

#### Recommendation 5

*In order to ensure that there is evidence to defend, if questioned, that contracts are awarded to winning suppliers, ministries should ensure that all documentation related to procurements is completed and retained.*

**Status: Fully implemented.**

##### Details

In our 2016 audit, we found that in over 80% of samples we reviewed, documentation was sufficient for us to determine that the procurement was done according to procurement requirements

and the contract was awarded to the best supplier. However, this was not the case in almost 20% of our samples. Most of these exceptions were procurements of consulting services. Without proper documentation, we were unable to determine whether these contracts were awarded to the best-value consultants.

As mentioned in **Recommendation 1**, SCO held a one-day training symposium in February 2017. The symposium included a series of sessions regarding documenting procurement processes and decisions. SCO developed and presented at the symposium a procurement checklist as an example of available tools ministries can use to ensure proper documentation of every step of the procurement process. However, we noted that the tools are not mandatory and the individual ministries are not required to do spot checks that all documentation is completed and retained.

The Ministry did obtain procurement examples for our follow-up from ministries we selected to ensure that all documentation related to procurements—such as the approval of the business cases for the procurements, submissions from bidders, bids' evaluations and contracts—are complete and retained and that the best-value suppliers were awarded. These examples were complete.

#### Recommendation 6

*In order to ensure that ministries receive highest quality goods and services, ministries should:*

- ensure that performance evaluations are completed for each supplier;
- develop and implement a fair and transparent process for considering past supplier performance when making new procurement decisions;

**Status: In the process of being implemented by October 2019.**

##### Details

Our 2016 audit found that none of the ministries sampled were following the procurement requirements that state that ministries must evaluate and

document a supplier's performance after a contract is completed. A supplier's past performance can provide an indication of potential future performance. Developing a framework and information system to support this is important so that lessons learned can be used to make better future decisions.

Following our audit, the Ministry and the Secretariat developed standardized scorecards for the ministries to evaluate and document suppliers' performance fairly and consistently. The Information and Information Technology Clusters in the province piloted the standardized scorecards to evaluate the performance of their IT consultants on a monthly basis and at the end of the contracts. The pilot project ran from January to December 2017. However, the scorecards from the pilot project to assess a supplier's performance will not be implemented across all ministries until the fall of 2019.

The Ministry and the Secretariat plan to include the standardized performance scorecards as a mandatory requirement when the Ministry renews its master listing of preferred suppliers by October 2019. This will result in standardized mandatory scorecard requirements that will enable the ministries to better monitor their suppliers' performance on a monthly basis and to incorporate past performances of suppliers when making new procurement decisions.

- *assess ways in which this information can be stored centrally in electronic form.*

**Status: Fully implemented.**

#### Details

Subsequent to our 2016 audit, SCO considered adding suppliers' performance information as part of the Ontario Tender Portal system. The portal is an on-line tendering system for all open competitive procurements with a value at or above \$25,000 for goods and at or above \$100,000 for services. The portal's contract with the existing suppliers will expire on October 31, 2020. SCO issued a Request for Information in November 2017 to seek information from potential suppliers for an electronic tendering service after 2020.

SCO assessed ways in which suppliers' performance information can be stored centrally as part of the Request for Information. SCO specified that the new tendering system must include a database to store such information. Most suppliers who responded to SCO by January 2018 indicated that their electronic systems could store suppliers' performance evaluations centrally. The SCO will decide which tendering system to use when it goes through a competitive bidding process for a new supplier prior to the existing one expiring in October 2020.

## Supply Chain Ontario Manages Preferred Supplier Arrangement Appropriately—Opportunity for More Arrangements

### Recommendation 7

*In order for Supply Chain Ontario to explore new bulk buying opportunities that could lead to additional cost savings, it should work together with ministries to:*

- *identify goods or services that ministries currently procure that are suitable for such opportunities;*

**Status: Fully implemented.**

#### Details

In our 2016 audit, we noted that preferred suppliers reported to SCO that ministries bought about \$460 million worth of goods and services from them in 2015/16. That was about 13% of the \$3.5 billion that ministries spent each year on goods and services. Therefore, it was likely that there were opportunities for the government to take advantage of additional bulk buying.

Following our audit, SCO identified that digital services, which enhance a user's experience with the government's services, could be a new bulk buying opportunity. In December 2017, SCO submitted a business case to add digital services to the list of preferred supplier arrangements to the Secretariat.

This additional preferred supplier arrangement will provide ministries with access to a qualified list of vendors specializing in user experience design and related digital services. SCO issued a request for bids on March 1, 2018, and was evaluating the bids at the time of our follow-up.

Also in 2017, SCO hired a third-party consulting firm to analyze government-wide spending and identify new bulk buying opportunities. The consulting firm identified five new opportunities: aircraft leasing, IT maintenance and support, wired telephone services, dispute resolution services, and security surveillance and systems. SCO assessed the opportunities and concluded that it would not proceed with the recommendation. It cited various reasons, such as the limited number of ministries requiring the services and/or the cost of a particular service was so small it did not warrant bulk purchasing.

In 2018, SCO assessed the four new bulk buying opportunities identified by the ministries at the time of our 2016 audit. These opportunities were ergonomics assessment services, first aid or CPR training, translation services other than French, and security installation services. Again, SCO concluded that it would not pursue these opportunities mainly because the cost for each of the services was too small to achieve significant savings through bulk purchasing.

- *identify ways which in the future it can have access to complete and accurate information about what and how ministries procure.*

**Status: In the process of being implemented by the end of 2018.**

In our 2016 audit, we reported that SCO did not have direct access to ministries' procurement information. Ministries did not store information centrally. Rather, information exists at each ministry, sometimes only in paper format, at the different locations where the procurement originated. For example, from the government's financial accounting system, SCO could tell whether a

supplier received payment of \$500,000, but not whether this payment related to one contract or 10 contracts, what specific good was purchased or service provided, the quantity of that good or service, and whether the supplier was a preferred supplier. As a result, SCO had not been able to identify new bulk buying opportunities that might generate additional price discounts for the Province.

As mentioned above, SCO hired a third-party consulting firm in 2017 to analyze government-wide spending. SCO used the analysis to identify new bulk buying opportunities. At the time of our follow-up, SCO was developing a methodology, based on the work done by the consulting firm, to understand what and how ministries procure. SCO also planned to develop processes and tools for staff to analyze how ministries can share complete and accurate procurement information to find bulk buying opportunities. SCO expected to finalize the methodology by the end of 2018.

## New Online Tendering System Not Widely Used

### Recommendation 8

*Supply Chain Ontario should identify and resolve all system issues that prevent any tender from being done in a fair, open and transparent way.*

**Status: In the process of being implemented by the end of 2018.**

### Details

On April 1, 2014, SCO replaced its tendering system by competitively procuring a new system for the Ontario Tenders Portal. At the time of our audit in 2016, SCO stated that it intended to speed up the adoption of the new system. There were, however, concerns that ministries were unable to evaluate suppliers' bids properly on complex tenders because of the system's poor design and that this affected the fairness, openness and transparency of these complex tenders.

Since June 2017, SCO staff has identified, logged and resolved all 16 system issues, such as improper

cancellation of procurement requests and inability to change ministry names following a reorganization, related to the Ontario Tenders Portal.

As well, from October to December 2017, SCO surveyed vendors' experience in using the Ontario Tenders Portal and received more than 400 responses, about 50 of which provided additional comments. SCO reviewed and categorized these comments by areas of concerns such as "navigation," "difficult to respond in requested format," and "unclear submission requirement." Because the intention of this survey was not to identify system issues, SCO did not follow up on each comment and confirm whether any system issues caused any tender to not be done in a fair, open and transparent way, and whether further action is necessary. At the time of our follow-up, we received commitment from SCO that it will follow up on each comment and determine if further actions are necessary to address the system issues identified, by the end of 2018.

### Recommendation 9

*In order to determine the impact of access fees on businesses for the online procurement system, Supply Chain Ontario, together with ministries, should review whether Ontario's fees discourage small businesses from bidding on government contracts. The results of this review should be factored into future decisions.*

**Status: Fully implemented.**

### Details

Our 2016 audit found that the new bid fees charged to suppliers were two-and-a-half times higher for unlimited access to the online procurement system than those charged before the new system was rolled out. We also found that Quebec and the federal government do not charge any fees, and that fees in British Columbia are much lower. Representatives from Quebec and the federal government told us that they do not charge fees because such a practice can discourage small businesses from bidding on government contracts.

As mentioned in **Recommendation 8**, SCO surveyed vendors' experiences in using the Ontario Tenders Portal. The survey results indicated that the bidding fees were a major factor that influenced vendors' decisions to submit bids. Subsequently, SCO decided to remove the fees from the Ontario Tenders Portal as well as the other procurement system called Registration, Appraisal and Qualification System for the Ministry of Transportation of Ontario, effective April 1, 2018, to support small- and medium-sized businesses.

## Shortage of Internal IT Staff Has Led to a Dependency on More Costly External IT Consultants

### Recommendation 10

*In order to ensure that IT consulting services arranged for ministries by the central IT group in the Treasury Board Secretariat (Secretariat) are cost-effective, the Secretariat should:*

- *finalize its review and conclude that it is appropriate to reduce the use of external IT consultants and increase the use of permanent IT employees;*

**Status: Fully implemented.**

### Details

In our 2016 audit, we found that a shortage of internal IT employees had resulted in dependency on the use of IT consultants. A review done by the Secretariat found that during 2013/14, almost 20% of all consultants were doing ongoing, operational-type support activities that could have been done by permanent IT employees. In addition, the Secretariat estimated that a consultant cost an extra \$40,000 annually compared with a permanent IT employee. Based on those findings, we estimated that the Province could save about \$10 million annually if it increased its IT staff complement and reduced its dependency on external IT consultants.

Since our audit, the Secretariat has finalized the review it started in 2013/14. In August 2016, the

Management Board of Cabinet (Cabinet) approved the review submitted by the Secretariat to convert 96 IT consultants to full-time employees with a projected savings of \$4 million annually.

Subsequently, the Secretariat performed another analysis and identified an additional 101 IT consultant positions that could be filled by full-time employees, potentially resulting in another \$4 million in annual savings. The Secretariat sought and obtained the Cabinet's approval in June 2017 to convert these positions to full-time employees.

- *set a target for the number of permanent employees it needs and work toward meeting this target.*

**Status: Fully implemented.**

#### Details

The Secretariat received approval from Cabinet and targeted to convert 197 IT consulting positions (96 approved in August 2016 and 101 approved in July 2017) into full-time employees. At the time of our follow-up, the Secretariat was working with the Information and Information Technology Clusters to recruit and fill the full-time positions. As of January 31, 2018, 97, or 49%, of the 197 positions were filled. The Secretariat and the Information and Information Technology Clusters will continue working to convert the remaining 100 IT consultants into full-time employees.

#### Recommendation 11

*In order to ensure that the Ontario Government's ministries procure IT consulting services in the most economical and cost-effective way, the Treasury Board Secretariat, together with Supply Chain Ontario, should:*

- *determine the impact of middleman fees charged by preferred suppliers on IT consultant rates paid by the government;*
- *use this information together with other information about consultants' market rates to (as part of the internal/external IT consulting*

*review noted in **Recommendation 10**) study and recommend the most economical and cost-effective way for the government to procure IT consulting services;*

**Status: Little or no progress.**

#### Details

Preferred suppliers are, in most cases, agencies that act as middlemen that supply IT consultants to the ministries. Although the Secretariat told us at the time of our 2016 audit that it was working on reducing consultant rates, it was not looking at the fees charged by the middleman agencies. The Secretariat could not tell us how much these agencies charged on top of what consultants were paid by the agencies because it had not asked agencies to explain what they charge, nor did the fees show separately on invoices submitted by the agencies.

In November 2017, the Secretariat engaged a third-party consulting firm to compare the IT consulting rates, which embed middleman fees, paid by the government with the comparable market rates. The report showed that if the market rates had been paid in 2016/17, a potential savings of 7.5% to 15% in consulting fees could have been achieved. As a result, in January 2018, the Secretariat set the maximum per diem rates for IT consulting fees as suggested by the third-party consulting firm.

The consulting firm's report recommended that transactions between the government and the preferred suppliers should be transparent and that the middleman fees should be disclosed. Nevertheless, at the time of our follow-up, the Secretariat had not taken further action on this matter. It was still unable to assess the cost of middleman fees charged by preferred suppliers and use this information, together with information about consultants' market rates, to study and recommend the most economical and cost-effective way for the government to procure IT consulting services. The Secretariat and the Ministry indicated that they plan to start collecting information on middleman fees from preferred suppliers when it renews its master listing of preferred suppliers by October 2019.

- periodically continue to monitor that the government is receiving the most competitive IT consulting rates.

**Status: Fully implemented.**

#### Details

As mentioned above, in November 2017, the Secretariat engaged a third-party consulting firm to compare the IT consulting rates paid by the government to the comparable market rates. In January 2018, the Secretariat set the maximum per diem rates for IT consulting fees as suggested by the third-party consulting firm. The Secretariat also planned to perform an annual review of IT consulting rates to ensure that the rates are competitive.

## Weak Controls and Oversight over Procurement of IT Consultants

### Recommendation 12

*In order to ensure that ministries select the most qualified IT consultants and opportunities of fraud are reduced, the Treasury Board Secretariat should:*

- work together with ministries to ensure that they follow the Secretariat's best practices when hiring IT consultants;

**Status: In the process of being implemented by the end of 2018.**

#### Details

In our 2016 audit, we reported that ministries were not always following best practices, such as conducting interviews by at least two employees, to evaluate and select IT consultants. Because of this, they might not always have been selecting the most qualified candidate. We documented that this also created opportunities for fraud.

Since our audit, in October 2017, the Secretariat used best practices to establish new mandatory requirements in hiring IT consultants. The mandatory requirements are as follows:

- only authorized staff can initiate a new hiring;

- only candidates who receive a score of 70% or higher on their resume assessment may proceed to the interview stage;
- at least two government employees must jointly interview each candidate;
- staff must use standardized scoring criteria to evaluate potential candidates;
- a government employee must be assigned to be responsible for the transfer of the knowledge gained by the IT consultants after the end of the contracts;
- staff must review the past performance evaluation of each candidate before hiring; and
- staff have to document all prior government contracts held by the IT consultants.

At the time of our follow-up, the Ministry was in the process of obtaining procurement examples from select ministries to assess whether they have followed the mandatory requirements for hiring IT consultants. The Ministry plans to complete its review by the end of 2018.

- review all payments to IT consultants for any anomalies;

**Status: Fully implemented.**

#### Details

During our 2016 audit, we found in the majority of files we reviewed that the ministry person who authorized payments to the agency was involved in the hiring of its IT consultant. We found that if only one person is involved in hiring an IT consultant, this person could hire a consultant and approve their timesheets, since no one else checked that the consultant actually did any work. We also found that the Secretariat, which processes payments made to agencies providing the IT consultants, did not review them or question any anomalies, such as a high number of days or hours billed by consultants in a short period of time. The Secretariat assumed approved payments were correct.

Following our audit, in 2016, the Secretariat engaged the Ontario Internal Audit Division (Internal Audit) to review past payments to IT

consultants for any anomalies. The Internal Audit conducted a review of 25 samples of payments to IT consultants as well as their procurement files during the period from April 1, 2015, to December 31, 2016, and did not find any evidence of fraud in these samples.

In addition, on a yearly basis, the Ministry has started to review all timesheets submitted by consultants to identify any anomalies, such as excessive number of days or hours billed. In 2017/18, of the total of about 10,800 monthly timesheets, the Ministry flagged 139 because they billed for more than 30 days in a month. Similarly, the Ministry reviewed 11,410 monthly timesheets from 2016/17 and found that 190 billed for more than 30 days in a month. The Ministry asked its Internal Audit to identify the reasons for the anomalies and recommend ways to prevent this from happening in the future. The Ministry will continue to review all timesheets on an annual basis.

- *verify the existence of IT consultants working for the ministries.*

**Status: In the process of being implemented by the end of 2018.**

#### Details

Our 2016 audit noted a situation where a senior manager at one ministry was aware of internal control weaknesses mentioned above and proceeded to create and hire a phantom consultant. The Secretariat told us that it became aware of this fraud in 2014, sometime after the senior manager left the ministry for another job. However, our review showed that the Secretariat had not addressed control weaknesses that allowed this fraud to take place, nor did it investigate whether any other cases of fraud had occurred.

As mentioned above, since our audit, the Secretariat now requires all ministries to have at least two government employees jointly interview all new IT consultants to mitigate the risk of fraud.

In addition, the Secretariat established a new policy requiring hiring agencies to complete and

submit a form confirming that they verified the identity of the selected IT consultants to be hired by ministries. This form indicates which pieces of identification the agency collected from the consultant and verified.

At the time of our follow-up, the Secretariat was working with Internal Audit to develop data analytic tools to detect various procurement anomalies including the verification of the existence of both IT consulting agencies and IT consultants. The analytic tools will also be able to generate reports that flag any anomalies for follow-up. The Secretariat expects the first report will be generated and tested by the end of 2018.

In October 2017, the Secretariat again engaged the Internal Audit to review the existing controls over the hiring of IT consultants. Subsequently, the Internal Audit issued a report with six recommendations of which three related to verifying consultants' existence:

- Independent authentication of IT consultants by an individual other than the hiring manager. This helps to further segregate the duties of the hiring manager in the hiring of IT consultants.
- Establishment of a process to monitor and enforce requirements for interviews and interview waivers.
- The Secretariat should carry out spot checks during the year to assess procurement compliance, including the selection and hiring of IT consultants.

The report also identified that, for example, a number of IT consultants did not obtain proper security clearance, such as a police check by the Canadian Police Information Centre. The report recommended that the ministries enforce the security clearance requirement. The ministries expect to phase in all the recommendations, including the security clearance requirement, by the end of 2018.

## Chapter 1

### Section 1.14

# The Provincial Public Appointment Process

Follow-Up on VFM Section 4.02, 2016 Annual Report

| RECOMMENDATION STATUS OVERVIEW |                          |                               |                                 |                       |                         |                      |
|--------------------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                                | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|                                |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1               | 2                        | 2                             |                                 |                       |                         |                      |
| Recommendation 2               | 3                        | 3                             |                                 |                       |                         |                      |
| Recommendation 3               | 3                        | 3                             |                                 |                       |                         |                      |
| Recommendation 4               | 3                        | 2                             | 1                               |                       |                         |                      |
| Recommendation 5               | 2                        |                               | 2                               |                       |                         |                      |
| Recommendation 6               | 1                        |                               | 1                               |                       |                         |                      |
| <b>Total</b>                   | <b>14</b>                | <b>10</b>                     | <b>4</b>                        | <b>0</b>              | <b>0</b>                | <b>0</b>             |
| <b>%</b>                       | <b>100</b>               | <b>71</b>                     | <b>29</b>                       | <b>0</b>              | <b>0</b>                | <b>0</b>             |

## Overall Conclusion

As of June 29, 2018, 71% of the actions we recommended in our 2016 Annual Report have been fully implemented. For example, the Treasury Board Secretariat implemented a new IT system to better support ministries and agencies in the appointment process. The new system allows ministries to better track appointments and reappointments and provides alerts when agencies fall below the minimum number of required members.

The Treasury Board Secretariat has made progress in implementing the remaining 29% of the recommendations. For example, it is in the process

of working with the government on how best to include diversity statistics on the new website.

The status of actions taken on each of our recommendations is described in this report.

## Background

Public appointments in Ontario are co-ordinated through the Public Appointments Secretariat (Secretariat), which was set up to both administer and provide support to ministries on the appointment process. It reports to the Treasury Board Secretariat. Each year, the provincial government makes

approximately 1,500 public appointments to 184 provincial agencies (191 at the time of our follow-up) and 360 other entities.

The Secretariat publishes information on its website about the appointment process, upcoming vacancies, how to apply for appointments, and specific details on all current appointments by agency, including the tenure, remuneration and position.

We found in 2016 that while it was good that the appointment process was centrally co-ordinated by the Secretariat, it (in conjunction with the ministries) had not ensured that appointments were done in a timely and transparent manner.

These are the main findings in our 2016 *Annual Report*:

- In our review of a sample of 1,400 new appointments in the years between 2012 and 2016, we found that it took on average almost 16 months to fill these vacant positions despite frequent monitoring and reporting of existing and upcoming vacancies months ahead of the end date of the outgoing members' terms.
- In our survey of the appointees to agencies (including the chairs) and CEOs, 28% of the chairs, 21% of the other appointees and 54% of the CEOs rated the transparency of the appointment process as poor or very poor.
- Appointees to non-board-governed agencies were serving longer than the maximum term allowed by the government directive. As of July 2016, 22% of these appointees had served for longer than 10 years in the same position.
- At 208 agencies, 50% or more of their appointees had terms ending in the same year.
- A better process was needed to ensure that provincial agencies and other entities were attracting qualified candidates. In reviewing applications to public appointments, we noted that relatively few applicants were interested in positions at agencies in Northern Ontario.

- Compensation was not in line with the Agencies and Appointments Directive. Almost a quarter of appointees to board-governed and advisory agencies were compensated at per diem rates higher than the rates set out in the Directive.

We made six recommendations, consisting of 14 actions, and received the Treasury Board Secretariat's commitment that it would take action to address them.

## Status of Actions Taken on Recommendations

We conducted assurance follow-up work between April 3, 2018 and June 29, 2018, and obtained written representation from the Treasury Board Secretariat that, effective October 31, 2018, it had provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

### Significant Delays in the Appointment and Reappointment Processes in the Last Five Years

#### Recommendation 1

*To minimize the negative impact of delays of appointments on the operations of the provincial agencies and the lack of provincial representation on the boards of other entities, the Treasury Board Secretariat, in conjunction with the ministries, should ensure:*

- *the appointments of new members and reappointments of existing members are done in a timely manner (where appropriate, defining the time allowed for each step of the appointment process);*

**Status: Fully implemented.**

### Details

In our 2016 audit, we found that the Public Appointments Secretariat (Secretariat) took on average almost 16 months to fill vacant positions. This occurred despite the fact that the Secretariat frequently monitored and reported existing and upcoming vacancies six months ahead of the end date of the outgoing members' terms.

Since our audit, Treasury Board Secretariat developed educational materials and provided training to ministry and ministers' office staff who participate in the public appointments process to educate them on the process and importance of timely appointments and reappointments. Approximately 90 staff in total attended the training sessions. Additional sessions were provided in September and October 2018 for new staff of ministers' offices who are responsible for appointments.

The Treasury Board Secretariat also established best practice guidelines regarding timelines overseen by ministry staff. The guidelines include a list of best practices to increase the speed of processing public appointments. For example, each ministry is encouraged to designate an official as the ministry's appointments co-ordinator and schedule regular meetings to discuss current and upcoming vacancies. The best practice guidelines were distributed in fall 2018.

The Treasury Board Secretariat also developed a short video for public appointee applicants and ministry staff regarding the steps involved in the public appointment process. The video was posted online on the Secretariat's website on October 1, 2018.

- *all provincial agencies have at least the minimum number of members in order to conduct business, and other entities have sufficient provincial representation as dictated by their enabling legislation or as identified by the ministry/agency if no minimum is set in legislation.*

**Status: Fully implemented.**

### Details

We found that the delay in appointments caused provincial agencies to drop below their legislated minimum number of members, and other entities not to have legislated public representatives on their boards as required. We conducted a survey for our 2016 audit that showed that delays in appointments had a significant negative impact on agency operations. For example, some agencies had difficulty achieving quorum, and members waiting to be reappointed could not participate in major decisions.

Since then, the Secretariat developed and is now using educational and training materials that discuss the importance of public appointees and their roles. The materials also explain the consequences if there are delays in the appointment process, such as the inability to meet quorum and the organization not meeting its mandate.

Treasury Board Secretariat also developed an Information Technology (IT) system to support ministries in the appointment process. The new system allows ministries to better track appointments and reappointments and alert ministry staff when agencies fall below the minimum number of members needed to conduct business. A new Secretariat website makes it easier for the public to apply to vacancies. The new IT system was deployed in July 2018.

## Lack of Transparency in the Appointments Process Undermines the Credibility of the Process

### Recommendation 2

*To maintain a transparent and credible appointments process, the Treasury Board Secretariat, in conjunction with the ministries, should work with the ministers' and premier's offices to ensure:*

- *there is clear communication with the agencies on the selection process used to evaluate the candidates' qualifications, experience and fit*

*against the needs of the agencies, including publishing the selection criteria used to evaluate the candidates, where appropriate;*

**Status: Fully implemented.**

#### Details

We reported in 2016 that the transparency of the appointment process was poor. Agencies and appointment candidates were not well informed of the status of appointments, and sometimes they waited months for approval decisions even when the agencies recommended the candidates for appointment.

The Secretariat has now developed educational and training materials that include information on the role agencies play in selecting and vetting candidates.

The Treasury Board Secretariat continues to provide guidance around the use of external advertising to support the appointments process. The number of appointment ads posted on the Secretariat website has increased year-over-year for the last few years from 96 ads in 2015 to 146 ads in 2017. The position description is included in the appointment ad, along with the qualifications, duties and responsibilities. The required qualifications are the basis for the selection criteria.

- *chairs, in conjunction with CEOs, are consulted for their input on board requirements so that appointed board members have the competencies to fill the gaps in their boards;*

**Status: Fully implemented.**

#### Details

In 2016, only 40% of chairs strongly agreed that sufficient consultation and communication occurred between the ministry and their organization to ensure appointees have the necessary skills for their boards.

Treasury Board Secretariat continues to require chair recommendations for all adjudicative and regulatory appointments. It also has created a best practice recommendation that ministries ask for the Chair's recommendations for board-governed

appointments. The best practice is documented in the training material provided to ministries. The training material includes information on the importance of the Chair in the appointment process during both the recruitment process and making recommendations. Chair recommendations are documented by a letter from the chair to the ministry.

- *agencies are promptly and clearly informed of the status of position vacancies being filled to facilitate planning at the agencies.*

**Status: Fully implemented.**

#### Details

Our 2016 audit found that there was not enough consultation between the ministries and agencies to ensure that the status of position vacancies was being communicated promptly.

Ministry and ministers' office staff training sessions discussed in **Recommendation 1** included the importance of notifying the chair of the respective agency when appointments are finalized. The training material provided to ministry staff also includes timelines to notify the chair before posting the appointment to the Secretariat website.

The Treasury Board Secretariat developed best practice guidelines that includes best practices for notifying chairs and agencies about new appointees. The best practice guidelines are available with the rollout of the new IT system, as discussed in the second action item of **Recommendation 1**.

## Terms of Appointments May Not Be Effective for Proper Governance

### Recommendation 3

*To maximize the effectiveness of provincial agencies and other entities serving the public, the Treasury Board Secretariat, in conjunction with the ministries, should work with the provincial agencies to:*

- *support the transition of members who have served over the 10-year maximum term to new*

*members and take steps to minimize any negative impact on the operations of the agencies;*

**Status: Fully implemented.**

#### Details

We noted in our 2016 report that more than 20% of appointees had served for longer than 10 years in the same position. Terms longer than the maximum of 10 years were meant to be an exception. The exception was only if the appointment served the public interest, such as an appointee staying to mentor and provide training to new members or in cases where there is difficulty recruiting a replacement in certain regions.

The Treasury Board Secretariat developed a Succession Planning Tool in December 2016. The tool includes best practices and recommendations for the succession of board members. The tool is available to ministry staff and agencies through an internal website.

The Secretariat IT system that was developed allows ministries to better track where in the appointment/reappointment process an appointment is. With the IT system, ministry staff can see the tenure of board members and determine proactive actions when members are closing in on 10-year terms.

- *ensure timely communication between the ministries and the Secretariat on the status of members on expired term to ensure its record of all appointees in Ontario is up-to-date;*

**Status: Fully implemented.**

#### Details

The Secretariat relies on the ministries to notify it when appointees' terms expire or they have resigned, in order for it to update its records of all appointees in the province.

The Treasury Board Secretariat sends a vacancy list to the ministries on a bi-monthly basis, listing all appointments currently expired and expiring over the next six-month timeframe. The Treasury Board Secretariat now supplements the vacancy list with communications to ministries enquiring on the

status of appointees whose terms have expired and encourages ministries to address the vacancies.

The Treasury Board Secretariat continues to maintain a public record of current appointees on the Secretariat website.

- *stagger the terms of appointees serving at the same agency.*

**Status: Fully implemented.**

#### Details

We noted in our 2016 report that many agencies had appointees with terms ending in the same year. This added undue stress on the process of finding the right replacement candidates, or reappointing candidates, in a timely manner.

Educational materials and training to ministry and ministers' offices now include discussion on the chair's role in providing advice on staggering terms. One of the materials that was distributed to ministries and agencies was the Succession Planning Tool, which now includes best practices for staggering the terms of appointees. In addition, Treasury Board Secretariat has developed an internal memo for ministries for the Women on Boards initiative, which reinforces staggered terms.

## Process to Attract Qualified Candidates Needs Improvement

### Recommendation 4

*To ensure that qualified candidates are appointed to provincial agencies and other entities, the Treasury Board Secretariat, working with the ministries, should:*

- *proactively promote vacant positions in Northern Ontario to attract qualified candidates;*

**Status: Fully implemented.**

#### Details

Our 2016 audit reviewed the number of applications that the Secretariat had received by agency and noted a chronic shortfall of applicants interested in positions at agencies in Northern Ontario.

For example, in the five years prior to 2016 in the Province overall, 30 agencies with one or more vacancies had received fewer than 10 applications each; 22 of them were in Northern Ontario.

The Treasury Board Secretariat has since provided guidance on using external advertising to support the appointments process and has emphasized the importance of attracting Northern candidates. In addition, the Secretariat does periodic follow-ups with ministries on vacancies. The new IT system, discussed in the second action item of **Recommendation 1**, has a module that allows ministries to create appointment ads and a module to search for suitable candidates for appointments from across the province, including Northern Ontario.

The Treasury Board Secretariat has also started adding guidelines on external advertising to a vacancy report mail-out.

- *assess the need to prioritize and fill long-standing vacant positions, particularly if those positions have been outstanding for a number of years;*

**Status: Fully implemented.**

#### Details

We reported in 2016 that some agencies had a significant number of applicants on file, yet vacant positions at these agencies were unfilled for long periods.

As part of the new IT system, the Secretariat has asked every ministry to confirm the minimum number of board members for each agency so that the Treasury Board Secretariat can better track long-standing vacancies. The IT system is operational as of July 2018.

- *monitor appointment diversity statistics and post them on its public website.*

**Status: In the process of being implemented by winter 2019.**

#### Details

We reported in 2016 that although the Secretariat's appointees' database had the information needed to track the progress in achieving the provincial government's target of women composing 40% of board members on all provincial boards and agencies, the Secretariat had not started to do so at the time of our audit.

The Treasury Board Secretariat is monitoring gender statistics for appointments to provincial agencies and provides updates to the Premier's Office and Treasury Board Secretariat Minister's office. "Get on Board" Women in Corporate Leadership was posted online on Ontario.ca and it provides public information on where the government is at in reaching its 40% commitment. The Treasury Board Secretariat is raising awareness about the target, identifying provincial boards and agencies with few women and working with ministries to increase appointments of qualified women, monitoring progress, providing training and conducting outreach. In addition, the Treasury Board Secretariat has developed an internal memo for the Women on Boards initiative.

A new public website, as part of the new IT system, has the capacity to allow applicants and appointees to self-identify their gender and other characteristics so that ministries and the Treasury Board Secretariat can track the diversity of appointees. The Treasury Board Secretariat is working with the government on how best to include this information on the new website.

### Training Provided by the Public Appointments Secretariat Has Been Generally Well Received by the Appointees

#### Recommendation 5

*To ensure its public appointees are sufficiently trained to effectively perform their roles, the Treasury Board Secretariat should:*

- *review its training materials to enhance areas for improvement identified by public appointees, specifically relating to their expected roles and responsibilities, the relationship and communication between the agencies and the provincial ministries, and best practices/common requirements applicable to the various types of roles;*  
**Status: In the process of being implemented by late 2018.**

#### Details

We reported in 2016 that while the majority of respondents to our survey indicated that the training provided by the Secretariat to appointees was good, there was still room for improvement. Areas for improvement included the relationship and communication between the agencies and the provincial ministries, and best practices/common requirements applicable to the various types of roles.

For our follow-up, the Treasury Board Secretariat said it continues to review the Board Governed Appointee Training course content on an ongoing basis. Based on feedback received from participants, an additional case study was incorporated in April 2018 into the training sessions to provide additional board training.

The Treasury Board Secretariat also will be launching a pilot in fall 2018 to train Ontario Public Sector staff on the role of agencies and how to interact and build positive relationships with them. In addition, appointees will receive a survey 12 months after attending a training session to measure the effectiveness of the course and identify any areas for improvement. The first 12 months' surveys were distributed in April 2018, and the results have shown that roughly 90% of respondents feel that the training provided was effective for preparing the appointee for their role.

- *in conjunction with ministries ensure appointees complete their training requirements as part of their appointment in a timely manner.*  
**Status: In the process of being implemented.**

#### Details

We reported in 2016 that the Secretariat tracked appointees' training to determine whether they had completed the online and/or in-class training. Although there was no required timeline to complete the training, the Secretariat encouraged appointees to complete the training as soon as possible. A majority of the appointees who had not taken the training had been appointed in the previous year.

By the time of our follow-up, the Secretariat still manually tracked appointees' training attendance. The Treasury Board Secretariat has been able to use data extraction from the new system to improve the tracking of attendees within the manual tracker. The Treasury Board Secretariat stated it is exploring options for a new training module to better track and follow up to ensure appointees complete training in a timely manner.

## Compensation is Not in Line with the Agencies and Appointments Directive

### Recommendation 6

*To ensure that compensation to appointees is transparent, provincial agencies should adhere to the compensation rates outlined in the Agencies and Appointments Directive or, as needed, the Treasury Board Secretariat should propose to the Treasury Board/Management Board of Cabinet that the Directive be amended to indicate the compensation actually in effect.*

**Status: In the process of being implemented by December 2018.**

#### Details

In 2016, we found that almost a quarter of appointees (23%, or 140 of 606) to board-governed and advisory agencies were being compensated using per diem rates that were higher than the rates set out in the Agencies and Appointments Directive (Directive). The difference between the rates in the Directive and the actual rates paid was as high

as \$800 a day, with the average being about \$200 above Directive per diem rates. Treasury Board/Management Board of Cabinet approved the higher rates for these appointees. Their decisions take precedence over the rates set out in the Directive.

Treasury Board Secretariat informed us at the time of our follow-up that it now recommends remuneration rates consistent with the Directive as new provincial agencies are established. It stated it has proposed that the Directive be amended, and it respects the Treasury Board/Management Board of Cabinet's authority to make compensation decisions on behalf of the government. When rates are proposed above the rates listed in the Directive, ministries must provide the Treasury Board/Management Board of Cabinet with a business case outlining the rationale for the higher rate.

To increase transparency in remuneration, as of July 4, 2017, all appointment Orders-in-Councils (including remuneration Orders-in-Councils) for all appointees are now posted online at [www.ontario.ca/search/orders-in-council](http://www.ontario.ca/search/orders-in-council). Previous to this, some Orders-in-Councils were restricted from public posting.

# Chapter 1

## Section 1.15

# Information and Information Technology General Controls

Follow-Up on VFM Section 4.03, 2016 Annual Report

| RECOMMENDATION STATUS OVERVIEW |                          |                               |                                 |                       |                         |                      |
|--------------------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                                | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|                                |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1               | 7                        |                               | 7                               |                       |                         |                      |
| Recommendation 2               | 13                       | 5                             | 6                               | 2                     |                         |                      |
| Recommendation 3               | 6                        | 3                             | 3                               |                       |                         |                      |
| Recommendation 4               | 4                        | 4                             |                                 |                       |                         |                      |
| Recommendation 5               | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 6               | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 7               | 1                        |                               | 1                               |                       |                         |                      |
| <b>Total</b>                   | <b>33</b>                | <b>12</b>                     | <b>19</b>                       | <b>2</b>              | <b>0</b>                | <b>0</b>             |
| <b>%</b>                       | <b>100</b>               | <b>36</b>                     | <b>58</b>                       | <b>6</b>              | <b>0</b>                | <b>0</b>             |

### Overall Conclusion

The Office of the Corporate Chief Information Officer and information and information technology (I&IT) clusters provided us, as of August 16, 2018, with information on the current status of the recommendations made in our 2016 Annual Report. (Clusters are groupings of government programs and services that have similar clients and need similar I&IT services. They operate as part of the

government-wide I&IT organization.) The I&IT organization has fully implemented 36% of our Office’s recommendations relating to developing service-level agreements for all I&IT systems and addressing risks related to areas such as security and aging I&IT systems. Included in the recommendations that have been implemented are those that relate to preventing unauthorized access to I&IT systems and data. This involves setting up safeguards such as reviewing I&IT users who are accessing the systems and maintaining logs of system use.

The I&IT organization is in the process of implementing 58% of our recommendations. One such action is looking into modernizing systems that are deemed to be at the end of their life cycle. The I&IT organization and ministries oversee more than 1,200 I&IT systems, which helps account for the large number of our recommendations that are still in the process of being implemented.

The I&IT organization has made little progress on 6% of our recommendations. These recommendations pertain to one I&IT cluster, and involve the need to create succession plans for I&IT staff, and improve training and materials available to them. This cluster informed us that it intends to implement these recommendations.

The status of actions taken on each of our recommendations is described in this report.

## Background

The Ontario Government uses information and information technology (I&IT) to help deliver the wide variety of services and operations it administers for the public and to manage its finances and affairs, such as making payments and collecting revenues. The I&IT Strategy (2016–20) helps set the direction of I&IT by focusing on using technology to improve the delivery of government programs, updating old and outdated I&IT systems, and enabling the analysis of data for decision-making purposes.

At the time of our 2016 audit, the I&IT organization's head office was located within the Province's Treasury Board Secretariat. The head office of the I&IT organization was relocated to the Ministry of Government and Consumer Services in late June 2018. It is made up of the Office of the Corporate Chief Information Officer, service branches responsible for certain common government-wide services, and nine I&IT units supporting ministries organized into business clusters. The I&IT organization supports more than 1,200 I&IT systems across

the government and has annual expenditures of about \$1.1 billion.

The Corporate Chief Information Officer heads the I&IT organization and works with the Ministry of Government and Consumer Services to make strategic and security decisions on technology and to set information management policy for all government I&IT operations. The Office of the Corporate Chief Information Officer is responsible for:

- aligning I&IT work to support the government's direction and vision;
- managing all servers, computers, software and mobile devices; and
- keeping networks, information and public records secure.

Our 2016 audit involved a review of service-level agreements for key I&IT systems in three I&IT clusters. Service-level agreements are important because they clarify the types and quality of service to be provided, how decisions over I&IT systems will be made and how performance will be assessed.

We also looked at whether the government had effective I&IT policies, procedures and controls in place covering security, change management, operations, availability, capacity, continuity and disaster recovery to ensure the integrity of government I&IT systems and data files. Specifically, we focused on I&IT general controls, which are controls that apply to the overall design, security and use of computer programs and data files throughout an organization. They consist of system software and manual procedures that help ensure that the organization's I&IT systems are operating reliably and as intended. To do this, we examined I&IT general controls for three key I&IT systems managed by the I&IT organization:

- the Ministry of the Attorney General's Integrated Court Offences Network (Court System), serviced by I&IT's Justice Technology Services cluster—provides case administration support to the Ontario Court of Justice;
- the Ministry of Finance's Tax Administration System (Tax System), serviced by I&IT's

Central Agencies cluster—administers the provincial tax system; and

- the Ministry of Transportation’s Licensing Control System (Licensing System), serviced by I&IT’s Labour and Transportation cluster—administers the registration of vehicles and drivers’ licences.

We evaluated these systems against best practices identified for strong I&IT general controls, as these controls should provide the first level of defence against threats such as hacking, viruses, sabotage, theft and unauthorized access to information and data.

To conduct the audit, we interviewed staff from the I&IT clusters and ministries, reviewed key documents and reports, and observed procedures and controls in action at the three ministries that own the three systems (the ministries of the Attorney General, Finance and Transportation). We also tested both automated controls and manual procedures carried out by I&IT staff. We followed a risk-based approach—if the risk likelihood and impact were high, we performed more in-depth procedures. In addition, we inquired with other I&IT clusters to determine whether the issues we identified around service-level agreements being inadequate were prevalent in other clusters.

In our *2016 Annual Report* we found that 75% of government I&IT systems did not have service-level agreements in place. Without service-level agreements, ministries and their I&IT clusters leave themselves open to a variety of issues, such as not having sufficient infrastructure to meet the ministries’ needs. The service-level agreements that were in place were very generic, poorly formulated and not reflective of current processes.

We found that all three systems needed to improve controls to prevent unauthorized access to confidential information. For example, we found:

- There was need for improvement in the management of I&IT human resources. For example, the Court System had an inadequate number of staff to maintain the system.

- There was insufficient security over the access of systems and sensitive information.
- There was a lack of documented procedures around verifying that batch updates and system changes were correctly implemented and were done in the most efficient way possible.

We found a lack of staff training, knowledge transfer and maintenance of systems. This led to issues with service delivery in the government I&IT systems we audited. Additionally, modernization efforts by the government to replace some outdated I&IT systems were significantly delayed. Specifically, the government attempted to modernize the Court System, but the project failed due to inadequate project management and project reporting, as well as inefficient governance and oversight practices.

We made several recommendations to the ministries and I&IT clusters in order to address the issues we found. We recommended that the ministries establish formal service-level agreements for all I&IT systems (including the three we reviewed) that align with the overall I&IT strategy. We also recommended that the I&IT clusters improve staff training, increase knowledge transfer, and create several operational controls and procedures that would affect system security and maintenance.

We recommended that the Office of the Corporate Chief Information Officer assess existing I&IT systems for compliance with the nine key risk areas that effective I&IT general controls should address. We also recommended that the I&IT clusters review their system replacement and modernization timelines and identify areas where these timelines could be shortened to ensure that I&IT systems continue to meet user needs. This includes the need to ensure that systems are sufficiently maintained and supported to mitigate the deterioration of their performance over time.

Lastly, we recommended that the I&IT organization along with the respective ministries assess the cost and need to update and maintain current systems and the risks arising from using aged systems versus the costs and benefits of

replacing these systems. This included a review and revision of the current five-year strategy plan released in 2016.

Our report contained seven recommendations, consisting of 33 actions, to address our audit findings.

We received commitments from the ministries and I&IT clusters involved in our audit that they would take actions to address our recommendations.

## Status of Actions Taken on Recommendations

We conducted assurance work between April 1, 2018, and August 30, 2018. On October 31, 2018, we obtained written representation from the Ministry of Government and Consumer Services that it has provided us with a complete update of the status of the recommendations we made in the original audit two years prior.

### Key to High-Performing I&IT Systems—Service-Level Agreements—Not in Place between I&IT Clusters and Ministries

#### Recommendation 1

*To ensure ministries receive high-quality I&IT services that meet their needs, the I&IT clusters and ministries should establish formal service-level agreements that are aligned with the overall I&IT strategy and:*

- *document the roles and responsibilities of both parties;*

**Status: In the process of being implemented by March 2019.**

#### Details

In our 2016 audit, we found that formal service-level agreements (SLAs) were lacking between I&IT

clusters and ministries for 75% of government I&IT systems. Those that were in place were generic, poorly formulated and not reflective of current processes. Until well into the course of our audit, there were no SLAs in place between the ministries and I&IT clusters for the three systems in the scope of our audit. In April 2016, however, the Central Agencies cluster drew up a second SLA (for a total of two of the 168 systems it supports), which was signed and approved by the Ministry of Finance.

In October 2016, the Treasury Board Secretariat established the Enterprise Service Management (eSM) Division to centralize the provisioning, management and development of I&IT services and to establish SLAs. eSM developed a risk-based approach consisting of two separate phases. The first phase involved completing SLAs for mission-critical I&IT systems, while the second phase plans to complete SLAs for the other two categories of less critical I&IT systems: business-critical and business-support systems.

In April 2017, the eSM Division created a standardized SLA template that incorporated the nine elements recommended in our 2016 audit: roles and responsibilities, service times, availability considerations, performance requirements, capacity needs, security requirements, system and service continuity, compliance and regulatory issues, and demand constraints. The SLA template is a model agreement that outlines standard roles and responsibilities of the ministry and I&IT cluster involved in the management and use of the I&IT system. The template states that the cluster has overall responsibility for the delivery of I&IT services. Its terms are binding on both parties: the cluster and ministry are both responsible for achieving the stated objectives of the SLA.

Additionally, the Treasury Board Secretariat created a Government of Ontario Information Technology Standard (GO-ITS), which was approved in January 2018, to provide information on managing the SLA process properly. GO-ITS are the official I&IT standards adopted for use across the entire Ontario Government.

eSM has completed SLAs for 387 of Ontario's 1,278 I&IT systems; 670 of these systems are not yet covered in an SLA, and the remaining 221 systems are outside of eSM's scope. Of the total number of I&IT systems, 122 are mission-critical: 82 of these are covered in an SLA, 25 are not yet covered, and 15 are outside eSM's scope. Business-critical systems account for 437 systems: 111 are covered in an SLA, 278 are not yet covered, and 48 are outside eSM's scope. Business-support systems account for the remaining 437 systems: 194 of these are covered in an SLA, 367 are not yet covered, and 158 are outside eSM's scope.

The 221 I&IT systems outside of eSM's scope are managed by ministries and so are not covered in eSM's process. Therefore, there is a risk that SLAs will not be developed for them.

- *set out specific, measurable, attainable, reportable and time-bound performance requirements;*

**Status: In the process of being implemented by March 2019.**

#### Details

Our 2016 audit noted the importance of including performance requirements in SLAs—that is, explicit targets geared to each different operation. At the time of our follow-up, the Ministry of Government and Consumer Services was in the process of setting out performance requirements for all I&IT clusters. The majority of these performance requirements are standardized and are included in the SLA template, whose objectives are binding on the clusters and ministries. Enterprise Service Management has begun reporting on these targets for some of the finalized SLAs; the clusters and ministries are receiving these reports monthly.

- *state agreed service times;*

**Status: In the process of being implemented by March 2019.**

#### Details

The SLA template incorporates standardized service times, which are prioritized according to the three risk-based classifications. For example, for mission-critical I&IT systems, the target for service restoration is 4.5 hours. The SLA template also states the business hours when service requests will be fulfilled. All the SLAs that we reviewed included agreed service times.

- *outline availability and compliance and regulatory considerations;*

**Status: In the process of being implemented by March 2019.**

#### Details

In our 2016 audit, we noted that all three systems we selected had adequate controls in place to ensure that services are available when needed, performance expectations are met, and plans are made to predict and meet future user needs. The SLA template states guidelines for availability, and the completed SLAs we reviewed include hours of operation for application support, scheduled maintenance windows and targets for server availability.

Our 2016 audit also noted the importance of having SLAs address compliance and regulatory considerations to help ensure that relevant regulations are followed. The SLA template includes the GO-ITS standards on compliance and regulations that ministries and clusters are subject to. Compliance and regulatory considerations are built into several sections of the template. Along with regulatory considerations, compliance targets measuring how often the cluster met a specific goal under a performance target were included in the SLAs we reviewed.

- *identify security requirements and capacity needs;*

**Status: In the process of being implemented by March 2019.**

### Details

Our 2016 audit noted the importance of preserving the confidentiality of I&IT systems and data, to prevent unauthorized access and/or changes to sensitive information. The SLA template states that all Ontario public service employees must comply with security requirements outlined in the GO-ITS Corporate Policy on Information and Information Technology (I&IT) Security, the Information and the Acceptable Use of I&IT Resources Policy, and the General Security Requirements. The I&IT clusters and ministries are identifying security requirements for the I&IT systems they manage.

Capacity needs are included in the SLA template and examples of SLAs we reviewed. Before completing any new implementation, the cluster is responsible for completing an assessment of a ministry's capacity needs so that I&IT can assess whether the existing infrastructure is sufficient or needs to expand to accommodate the new service. We reviewed a sample of these capacity needs assessments and found that they adequately assessed the risks for the infrastructure the I&IT systems resided on.

- *set out the policies and procedures for system and service continuity;*

**Status: In the process of being implemented by March 2019.**

### Details

Our 2016 audit noted that all three systems we selected had effective processes in place to address unexpected disruptions to operations. Following our audit, system and service continuity considerations were incorporated in the SLA template, which directs the parties to provide descriptions of policies, standards and processes for preventing, predicting and managing potential and actual service disruptions. The completed SLAs we reviewed included a description of relevant legislation and policies that require the parties to establish emergency management programs and a continuity of operations program.

- *ensure that service levels are monitored by requiring I&IT clusters to report regularly to ministries on their achievement of expected performance.*

**Status: In the process of being implemented by March 2019.**

### Details

Following our 2016 audit, the eSM Division created a standard reporting framework that provides guidance for reporting on service performance. The eSM Division is monitoring service levels for several approved SLAs, and it produces a monthly report on the results. It informed us that it would be monitoring service levels for additional SLAs in the future. At the time of this follow-up, these performance reports have been created for seven SLAs, including the three SLAs that covered the Court System, the Tax System and the Licensing System. We reviewed some of these reports and found that they provided several different measures of whether service targets listed in the SLAs were met. The reports included type of service, target time to complete the service, number of service requests and percent of requests where service was completed within the stated target times.

## I&IT General Controls Can Be Improved

### Recommendation 2

*The Justice Technology Services I&IT cluster should:*

- *Establish formal service-level agreements covering the systems and implement formal monitoring and reporting over service levels.*

**Status: In the process of being implemented by March 2019.**

### Details

Our 2016 audit identified nine key risk areas that effective I&IT general controls should address: SLAs, human resource management, security, operations, change management, incident management, problem management, availability and capacity

management, and business continuity and disaster recovery. We assessed each of the three systems we selected on these nine elements, and made recommendations for each system individually, based on our findings.

Following our audit, in 2017 the Justice Technology Services I&IT cluster and the ministries involved created SLAs for all mission-critical I&IT applications. This includes the Court System, which is covered by an SLA completed by the Ministry of the Attorney General (Ministry) and the cluster. However, the Court System SLA does not have all nine key elements our Office recommended. eSM has stated that it will update this SLA to the new template as part of an annual review that began in September 2018. The cluster and ministries plan to complete SLAs and have them in place for all of the approximately 85 remaining I&IT applications by March 2019.

The cluster and ministries produce a monthly performance report that measures whether the cluster has delivered services within the target specified in the SLA. The Court System is included in this performance report.

- *Ensure they engage appropriate staff with the necessary skills and expertise.*

**Status: In the process of being implemented.**

#### Details

At the time of our 2016 audit, the Court System was relying on just one external consultant and one staff member to maintain the system. In response to our recommendation, the Justice Technology Services cluster has added additional staff to ensure appropriate levels of support and maintenance. The cluster has stated that it has focused on providing on-the-job training and has not developed a set of complete training documents due to the fact that it plans on replacing the Court System. However, it has developed operational guides to assist staff with day-to-day tasks and system maintenance. Our Office believes that developing training documents would help improve the cluster's ability to transfer knowledge to staff.

- *Ensure succession plans are in place to allow for the transfer of knowledge.*

**Status: Little or no progress.**

#### Details

The Justice Technology Services cluster has not developed a detailed succession plan for the Court System. The cluster's current plan identifies retirement eligibility for staff, but there is no process in place to transfer their knowledge to other staff. The cluster notified us that it will assess knowledge-transfer requirements and develop a strategy once it has replaced the Court System.

- *Establish job descriptions and service-level agreements for the services provided by all consultants and, on a regular basis, monitor consultants' performance and assess against the job descriptions and service-level agreements.*

**Status: Fully implemented.**

#### Details

In November 2017, the Justice Technology Services cluster created a statement-of-work document that outlines job descriptions for prospective consultants. This document is an agreement between the consultant, the Ministry and the I&IT cluster that covers details of the consultant's contract and the work that will be performed. We reviewed the statement of work for a consultant performing duties for the Court System. It covered the scope of the work; deliverables the consultant was responsible for; and the skills, experience and qualifications required for the position. In addition, managers in this cluster are required to complete an IT source vendor performance scorecard.

- *Perform a review, in conjunction with the Ministry of the Attorney General (Ministry), of the current users' access to the system. The review should focus on the predefined access levels set up on the system and the employees' responsibilities. Where users have been granted access levels that pose potential conflicts related to segregation of duties (such as developers having*

access to make data changes), these access levels should be corrected immediately, and appropriate controls put in place to address any potential conflicts in the future.

**Status:** In the process of being implemented.

#### Details

Our 2016 audit noted that the Court System had no formal process in place for creating and modifying users' access, and 41% of users had access to the system when their job status did not require access. Following our audit, the Justice Technology Services cluster informed us that it was developing a user review for the Court System based on predefined access levels and employee responsibilities. In preparation for this review, the cluster has developed a matrix to define user access levels and a process to conduct annual reviews of Court System user access privileges. We reviewed the matrix and noted that it defines user access privileges by job position and creates a segregation of duties.

The cluster conducted an initial access review in 2017. As a result, 4,505 inactive accounts and 24 user groups that were no longer required were removed. Accounts identified as inactive for 18 months or longer are now removed quarterly. The cluster is currently in the process of conducting reviews based on predefined access levels.

- *Ensure that on a regular basis, the Ministry reviews user access and revalidates it for appropriateness. On an annual basis, the Ministry should revisit the access granted to employees and their responsibilities to ensure there are no conflicts related to segregation of duties and reflect any changes in roles, procedures and processes as seen necessary.*

**Status:** Fully implemented.

#### Details

The Justice Technology Services cluster has developed a process for an annual user access review to ensure that users have appropriate access levels. The process highlights the roles and

responsibilities for the review, the steps to be taken, and the requirement to conduct the review on an annual basis.

- *Enable logging of all user access to information and transaction changes and monitor key activities on an ongoing basis. The extent of logging should be driven by the sensitivity and criticality of the data. The Ministry should define the data it considers sensitive and critical and that needs to be logged and proactively monitored.*

**Status:** In the process of being implemented.

#### Details

In our 2016 audit, we noted that Court System user activity logs were not being reviewed for appropriateness. Following our audit, the Justice Technology Services cluster implemented logging of user activity against case data within the Court System. Each court receives a daily report that lists changes to cases for the previous day. As of December 2017, the IT operations manager and team lead receive nightly emails that include a report made on changes in the system. However, the Ministry and cluster have not defined data that is sensitive and critical for proactive logging and monitoring.

- *Implement a formal process for creating and modifying users' access, including a centralized list of authorized approvers who can request access on behalf of users.*

**Status:** Fully implemented.

#### Details

The Justice Technology Services cluster has developed an account management process for the Court System and revised the user account request forms for Court System users. An authorized approvers list was created for individuals who can request access to the system on behalf of other users; approvers must sign the user account request form for access to be granted.

- *Implement automated controls to verify that batch job processing is successful and in line*

*with end users' requirements. These controls must verify the completeness, accuracy and validity of the data output.*

**Status: Fully implemented.**

#### Details

Following our 2016 audit, the Justice Technology Services cluster implemented batch input validation. This includes daily, weekly and monthly batch reports, which are reviewed and approved by the Court System manager daily. Copies of the nightly monitoring reports and batch summary reports are automatically emailed to the Court System manager and team lead for review.

- *Formally document, approve and communicate I&IT operational procedures.*

**Status: In the process of being implemented.**

#### Details

Our 2016 audit noted that the Court System lacked documented I&IT procedures. The Justice Technology Services cluster is currently developing an operational procedures manual. We reviewed draft documents such as the Court System Daily Procedures Guide and Technical Operations Guide. The cluster indicated that these guides would be included in the operational procedures manual and that it would make the manual available to its staff after completion.

- *Ensure that the data being entered within the incident management tool is complete, accurate and valid. Once incident data quality is achieved, management should implement a formal problem-management process to identify trends, the root cause of recurring issues and remediation plans.*

**Status: In the process of being implemented.**

#### Details

A Government of Ontario Information Technology Standard exists for problem management. The Court System support team received formal training on problem-management processes and

operational training in October 2017. The cluster completed an assessment of tickets in the incident-management tool in the summer of 2017. However, this review of individual tickets did not produce any reports that identified trends, root causes of the problems or remediation plans for the problems identified. The manager of the cluster reviews individual tickets that are logged through the Ontario Public Service IT service desk and assigned to the Court System helpdesk. The Justice Cluster is currently looking into other applications to conduct trend and root-cause analysis.

- *Based on the service-level agreement:*
  - *identify logs that need to be maintained and monitored;*
  - *define thresholds for logs and implement log monitoring tools to facilitate the interpretation of log data;*
  - *configure system alerts for staff to follow up on potential issues; and*
  - *review monitoring protocols on a regular basis to ensure that they are still valid.*

**Status: Fully implemented.**

#### Details

The Justice Technology Services cluster has implemented a change journal to log user activity against case data within the Court System, and it provides a daily report to every court in the system. A tracking tool records and tracks change requests for the Court System, tracking the types of changes made, their priority and date, and who made the change.

The cluster also produces a monthly report that measures database capacity on the mainframe. Issues found in this report are flagged and brought to the attention of the cluster's manager. The Court System support team maintains a log of all program errors and requests for data correction. The cluster also produces a daily batch processing performance log that provides a summary of batch reports.

- Utilize I&IT cluster staff efficiently by:
  - implementing a self-serve functionality on the system so end users can resolve basic incidents, such as forgetting their passwords, without direct interaction with helpdesk staff;
  - training helpdesk staff to resolve more complex user incidents; and
  - assigning dedicated technical support staff to identify ongoing incident issues and develop permanent fixes.

**Status: Little progress.**

#### Details

The Justice Technology Services cluster has not made significant progress on this recommendation according to the documentation we have received. The cluster has stated that it will complete work on this recommendation by March 2019 and that it is currently reviewing existing help-based materials to identify opportunities for expanding self-help options.

#### Recommendation 3

*The Labour and Transportation I&IT cluster should make the following improvements to the Licensing System:*

- Establish a formal service level agreement covering the system and implement formal monitoring and reporting over service levels.

**Status: In the process of being implemented by December 2018.**

#### Details

The Ministry of Transportation (Ministry) Licensing System, serviced by the Labour and Transportation I&IT cluster, was one of the three systems we selected for the scope of our 2016 audit. We assessed the Licensing System on the nine key risk areas that we found effective I&IT general controls should address, and made recommendations based on our findings.

Following our audit, in the spring of 2017 the Labour and Transportation I&IT cluster and the Ministry established an SLA that covers the Licensing System, as well as other I&IT systems shared by the Ministry and cluster. The cluster set up daily and monthly reporting and monitoring of compliance with SLA expectations in June 2017, along with monthly review meetings to review service provider compliance, identify opportunities for improvement, and propose, implement and monitor process improvements through to completion. The cluster notified us that it is planning to produce performance reports for Ministry use.

- Perform a review, in conjunction with the Ministry of Transportation (Ministry), of the current users' access on the system. The review should focus on the predefined access levels set up on the systems and the employees' responsibilities. Where users have been granted access levels that pose potential conflicts related to segregation of duties, these access levels should be corrected immediately and appropriate controls put in place to address any potential conflicts in the future.

**Status: Fully implemented.**

#### Details

The Ministry and cluster completed a user access review of the Licensing System in 2017. The review looked at all users in the system according to the access levels that define the type of privileges each user should have. Users who had improper access either had their access level modified or were removed completely, if they no longer required access. The review resulted in approximately 1,900 users being removed from the system. The cluster created additional security controls over access level such as the requirement to have a security clearance and signing a disclosure statement.

- Ensure that on a regular basis, ministries review user access and revalidate it for appropriateness. On an annual basis, ministries should

*revisit the access granted to employees and their responsibilities to ensure there are no conflicts related to segregation of duties and reflect any changes in roles, procedures and processes as seen necessary*

**Status: In the process of being implemented by March 2019.**

#### Details

The Labour and Transportation cluster and Ministry have not finalized a process to conduct annual or periodic access reviews. Our Office believes that annual and periodic reviews would help ensure that user access is in line with the user's job description and that no one with access to the system should no longer have access. The Ministry has conducted annual reviews on dormant users who have not accessed the Licensing System for over one year. However, we did not find sufficient evidence that the cluster reviewed whether employees' access corresponds to their current responsibilities, and that there are no conflicts related to segregation of duties. The Ministry and cluster have created a project proposal that outlines the importance of conducting automated annual reviews and the required steps to expand the process. They notified us that they are still awaiting funding and approval before moving ahead with this project.

- *Enable logging of all user access to information and transaction changes and monitor key activities on an ongoing basis. The extent of logging should be driven by the sensitivity and criticality of the data. The Ministry should define the data it considers sensitive and critical and that needs to be logged and proactively monitored.*

**Status: In the process of being implemented by December 2018.**

#### Details

In September 2016, the Labour and Transportation cluster consolidated all logging data to allow for user access reporting. These logs are available for ad hoc requests and informational reports only. The cluster and Ministry have reviewed and defined

the sensitivity of user access data and have stated they would now focus on implementing proactive user access logs to allow for real-time monitoring of users who access sensitive or private information.

A privacy impact assessment and threat risk analysis have been completed on user access to the Licensing System and the system used to log user accounts. The privacy impact assessment defines sensitive and personal information for the Licensing System.

- *Ensure that there is clear linkage between the incident records in the incident management tool and the program change records addressing those incidents.*

**Status: Fully implemented.**

#### Details

The Labour and Transportation I&IT cluster uses the Enterprise Service Management Tool to link incident records and program change records. The cluster provided its staff with training in ensuring that proper relationships and linkages are created between change, release, incident and problem records. This training is complemented by a Government of Ontario IT Standard for Enterprise Change Management, which provides additional advice on creating linkages between incident records and program change records.

- *Implement a formal problem management process to identify trends, the root cause of recurring issues and remediation plans.*

**Status: Fully implemented.**

#### Details

The Labour and Transportation I&IT cluster has implemented a problem-management process based on the standardized process created by the Office of the Corporate Chief Information Officer, which provided the cluster with operational training in the process. This process complements the Government of Ontario IT standard on Problem Management. These guides and standards provide information on how to conduct problem management, the roles and

responsibilities of those involved, and procedures for detecting and resolving problems. The cluster conducts root-cause analysis and remediation work through the Enterprise Service Management Tool.

#### Recommendation 4

*The Central Agencies I&IT cluster should make the following improvements to the Tax System:*

- *Implement formal monitoring and reporting over service levels against the Ministry of Finance (Ministry) approved service level agreements.*

**Status: Fully implemented.**

#### Details

The Ministry of Finance (Ministry) Tax System, serviced by the Central Agencies I&IT cluster, was one of the three systems we selected to examine in our 2016 audit. We assessed the Tax System on the nine key risk areas that effective I&IT general controls should address, and made recommendations based on our findings.

Following our audit, the Central Agencies I&IT cluster developed and implemented an SLA for the Tax System, and additional SLAs for some of its smaller applications. It also consulted with the Ministry to formalize a management oversight process to monitor and report on service levels outlined in SLAs for the Tax System. We reviewed these reports and found that they had the necessary service standards and targets to ensure that the Tax System is meeting the requirements set out in the SLA.

- *Perform a review, in conjunction with the Ministry, of the current users' access on the system. The review should focus on the predefined access levels set up on the system and the employees' responsibilities. Where users have been granted access levels that pose potential conflicts related to segregation of duties, these access levels should be corrected immediately and appropriate controls put in place to address any potential conflicts in the future.*

**Status: Fully implemented.**

#### Details

The Central Agencies I&IT cluster worked with the Ministry to establish a new process to review whether users have appropriate access to the system, given their job responsibilities. It completed this process in July 2017 and has implemented additional processes to flag potential issues with user access. The cluster has also created a process to review access levels to ensure a proper segregation of duties is maintained and procedures are in place to correct access if conflicts are identified. A list of users is sent monthly to business managers in the Ministry to ensure that the individuals listed have proper segregation of duties according to their access level.

- *Ensure that on a regular basis, ministries review user access and revalidate it for appropriateness. On an annual basis, ministries should revisit the access granted to employees and their responsibilities to ensure there are no conflicts related to segregation of duties and reflect any changes in roles, procedures and processes as seen necessary.*

**Status: Fully implemented.**

#### Details

The Central Agencies I&IT cluster performs a monthly review to confirm the appropriateness of user access levels. The cluster reviews all users against the predefined access levels and the employees' responsibilities to ensure a segregation of duties. Additionally, the cluster tracks user access to the system to determine if any accounts have been inactive for a long time, and therefore should have their access removed.

- *Implement a formal problem-management process to identify trends, the root cause of recurring issues and remediation plans.*

**Status: Fully implemented.**

#### Details

In February 2018, the Central Agencies I&IT cluster implemented a formal defect-management process

to address this recommendation. The cluster's staff received formal training in problem and defect management delivered by Enterprise Service Management. We reviewed defect-management status reports presented to the cluster's senior management and found that the reports produced trends and data reports for defects in the Tax System. The defect-management process produces a data report for problems that arise in the cluster's I&IT systems. We reviewed these reports and found that they contained descriptions and interpretations of the root cause of problems. Additionally, the cluster has prioritized problems and has provided documented resolutions to address them.

### Recommendation 5

*The Office of the Corporate Chief Information Officer should assess existing I&IT systems for compliance with the nine key risk areas that effective I&IT general controls should address. Action should be taken to strengthen areas that need to be improved, for example, establishing formal service-level agreements that are aligned with the overall I&IT strategy.*

**Status: In the process of being implemented by March 2022.**

#### Details

In September 2017, the Office of the Corporate Chief Information Officer (Office) developed and updated the IT general control assessment toolkit to incorporate the nine risk areas we identified in our audit. The toolkit is used to assess the types of controls in place, how the controls operate, and whether there are gaps in the controls. The Office has provided training to clusters in completing the toolkit, and notified them of the changes made to the toolkit after our audit. Where the toolkit identifies gaps in controls, it recommends how to address these gaps.

The Office has categorized over 1,200 I&IT systems by risk level. It prioritized mission-critical systems for IT general control assessments, followed by business critical and then business support. At the time of this follow-up, the Office had completed

IT general control assessments for 98 I&IT systems (mostly mission critical) and had plans to complete an additional 479 assessments by March 2020. It informed us that it intends to complete the remainder of the assessments by March 2022.

## Maintenance of Aging Systems Is Inefficient and Staff Lack Training

### Recommendation 6

*In order to mitigate the risk arising from using older and outdated I&IT systems, the I&IT cluster should revisit system replacement and modernization timelines and identify areas where these timelines could be escalated to ensure that I&IT systems continue to meet user needs.*

*Where the replacement of outdated I&IT systems cannot be escalated, appropriate strategies should be put in place to ensure that systems are sufficiently maintained and supported to mitigate the deterioration of system performance.*

**Status: In the process of being implemented by September 2022.**

#### Details

Our 2016 audit found that Ontario was using many older and outdated I&IT systems that were not being updated regularly. For example, at the time of our audit, the Licensing System was 48 years old and the Court System was 27 years old. We also noted problems with continuous training and knowledge transfer among staff who operate these older systems. This increases the risk of functions being delayed or becoming unavailable, which in turn could impact service delivery.

The Ministry of Government and Consumer Services is working with I&IT clusters to develop an Ontario Public Service Enterprise Application Portfolio Management (APM) Framework to address the risks associated with older systems. As part of this framework, the clusters have defined the type of data they want to monitor to ensure their systems meet user needs. This data includes information on the criticality of the system, the age

of the system and whether there is a plan to update or replace the system in the next two years. This data has been collected for all I&IT systems and is used by I&IT clusters and the Ministry of Government and Consumer Services to conduct high-level risk assessments. We reviewed documentation that assessed the risks identified through the APM system and identified action plans to address the risks.

The I&IT organization is currently implementing a strategy to identify and review end-of-life I&IT systems and servers. The Office of the Corporate Chief Information Officer and I&IT clusters have created risk profiles of Ontario Public Service servers. These risk profiles highlighted servers running end-of-life software and operating systems, and flagged related business risks. They also provided updates to ministries on how risks are evolving, to support planning and priority setting. Additionally, the Ministry of Government and Consumer Services plans to conduct annual proactive cyber-risk assessments on prioritized systems that have been identified as presenting a risk.

## Modernization Efforts Significantly Delayed

### Recommendation 7

*We recommend that the I&IT organization along with their respective ministries assess the cost and need to update and maintain current systems and the risks arising from using aged systems versus the costs and benefits of replacing these systems. Based on the assessments, review and revise the current five-year strategy plan released in 2016.*

**Status:** In the process of being implemented by March 2021.

### Details

In our 2016 audit, we noted that in 2006, Ontario's Major Application Portfolio Strategy (MAPS) had identified 77 of 153 major applications that needed

to be replaced or upgraded. At the time of our audit, 11 systems were still overdue for replacement or upgrading, including the Court System and Licensing System. We noted as well issues with project management and costs related to the modernization of some I&IT systems.

At the time of this follow-up, the I&IT clusters have completed over 450 (40%) of 1,153 cost-benefit assessments. There is a large difference in the number of assessments completed by each cluster. Some have completed assessments on all or most of their I&IT systems, while others have completed assessments on only 3–5% of their systems.

As stated earlier, risk assessments on aging systems are done under the Application Portfolio Management Framework. We reviewed a sample of the documentation from several clusters and found that risk assessments had been completed to analyze the need to upgrade systems, and that these assessments stated the risks of using aging systems. The clusters analyzed the costs and benefits of modernization of systems through business cases, assessment reports, and program review renewal and transformation exercises.

An IT Governance Branch was created within the Office of the Treasury Board to establish and maintain effective IT governance frameworks. It is working with I&IT clusters to co-ordinate investment in new systems.

The Office of the Corporate Chief Information Officer and the Information Technology Executive Leadership Council have begun preparing for an update of the 2016 five-year strategy. The next I&IT strategy will begin to be revised in 2019 and will be released in 2020.

## Chapter 1

### Section 1.16

# Public Accounts of the Province

Follow-Up on Chapter 2, *2016 Annual Report*

| RECOMMENDATION STATUS OVERVIEW |                                |                               |                                    |                          |                            |                         |
|--------------------------------|--------------------------------|-------------------------------|------------------------------------|--------------------------|----------------------------|-------------------------|
|                                | # of<br>Actions<br>Recommended | Status of Actions Recommended |                                    |                          |                            |                         |
|                                |                                | Fully<br>Implemented          | In Process of<br>Being Implemented | Little or No<br>Progress | Will Not Be<br>Implemented | No Longer<br>Applicable |
| Recommendation 1               | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 2               | 3                              | 2                             | 1                                  |                          |                            |                         |
| Recommendation 3               | 2                              | 2                             |                                    |                          |                            |                         |
| Recommendation 4               | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 5               | 1                              |                               | 1                                  |                          |                            |                         |
| Recommendation 6               | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 7               | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 8               | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 9               | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 10              | 3                              | 3                             |                                    |                          |                            |                         |
| <b>Total</b>                   | <b>15</b>                      | <b>13</b>                     | <b>2</b>                           | <b>0</b>                 | <b>0</b>                   | <b>0</b>                |
| <b>%</b>                       | <b>100</b>                     | <b>86</b>                     | <b>14</b>                          | <b>0</b>                 | <b>0</b>                   | <b>0</b>                |

## Overall Conclusion

As of September 20, 2018, 86% of the actions we recommended in our *2016 Annual Report* have been fully implemented. For example, since our audit, the Province has recorded a full valuation allowance against the net pension assets of the Ontario Teachers' Pension Plan and the Ontario Public Service Employees Union Pension Plan in its consolidated financial statements for the year

ended March 31, 2018. In addition, in those same statements, the Province recorded the full financial impact of the reduction in Ontarians' electricity rates resulting from the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

The Office of the Provincial Controller Division has made progress in implementing the remaining 14% of actions. For example, the Treasury Board Secretariat (Secretariat) has begun, and is committed to, providing its accounting position papers for significant issues, and other relevant supporting

documentation, to us before March 31 of each fiscal year. In addition, at the time of our follow-up, the newly elected government has indicated that the recommendations of the Independent Financial Commission of Inquiry will inform future fiscal planning and that it has not yet had the opportunity to establish a targeted net debt-to-GDP ratio.

The status of actions taken on each of our recommendations is described in the following sections.

## Background

The Consolidated Financial Statements for the Province of Ontario presented fairly the Province's annual deficit, net debt and accumulated deficit for the year ended March 31, 2016—but not for the prior fiscal year comparative figures. Consequently, we issued a qualified audit opinion.

This issue stemmed from the correction of an error in the Province's accounting for pension assets of pension plans where the government is a joint sponsor. The government made the decision to properly adjust the statements for 2015/16. However, the prior year's comparative figures in the Province's consolidated financial statements were not adjusted.

Restating the prior year comparative figures is necessary to conform to standards of the Canadian Public Sector Accounting Board (PSAB) and, just as significantly, better convey to users of the statements that the impact on prior years' figures needs to be considered when looking at past financial trends.

We were puzzled by the approach taken by the Treasury Board Secretariat (Secretariat) and the Ministry of Finance (Ministry) in discussions with us during the audit regarding the accounting error. The government properly made the adjustment in the 2015/16 fiscal year despite publicly disagreeing with the accounting treatment presented in its own financial statements. It also disclosed in a note to

the financial statements that this reflected the Auditor General's interpretation of PSAB standards.

The government had sought external accounting and legal advice in August and September 2016, but was still unable to provide us with an adequate position paper supporting its view that pension assets should continue to remain as an offset to pension liabilities on the Province's consolidated financial statements.

The accounting issue stemmed from the fact that the Province does not have unilateral access to and control of the pension plan assets. There is no agreement with the joint sponsor that provides the Province with access to the pension plan assets. Unrestricted access to assets of any kind, whether they are pension assets or not, is required under generally accepted accounting principles in order to have an asset recorded in the financial statements.

The ultimate responsibility for the application of PSAB standards rests with management—in this case, the Secretariat and the Ministry acting for the government—as preparers of the financial statements, who should consult with the Auditor General of Ontario as the financial statement auditor for the Province. As the auditor, we provide an opinion on whether the financial statements prepared by management are in accordance with PSAB standards. Thus, accounting decisions rest with management but the opinion decision rests with the Auditor General.

Equally unusual was that the government chose to enact an unnecessary regulation that only partially complied with PSAB standards, presumably to avoid a qualification by the Auditor General on the 2015/16 annual results.

In the past, we cautioned that the government had passed legislation to allow it to legislate accounting treatments through regulations whenever it wanted, rather than follow PSAB standards. We continued to caution in **Chapter 2** of our *2016 Annual Report* that the use of legislated accounting treatments by the government on future transactions, or the introduction of further legislated accounting treatments, could increase the risk that

the future financial results of the Province may not be fairly stated.

It was and continues to be our view that Canadian public sector accounting standards (PSAS) are the most appropriate for the Province to use in preparing the consolidated financial statements because they ensure that information provided by the government about the surplus and the deficit is fair, consistent and comparable to data from previous years and from peer governments. This allows all legislators and the public to better assess government management of the public purse.

## Additional Issues

**Increasing Audit Risk**—The actions taken by the government in releasing the consolidated financial statements late in 2016 and without the audit opinion of the Auditor General, while also publicly disagreeing with an accounting issue before providing the Auditor General with information needed for her to issue an audit opinion, could have been perceived by some as an attempt to undermine the role of the Office of the Auditor General. We noted that materials were likely already printed, and a plan was likely already in place to publicly release the consolidated financial statements without the Auditor General's opinion, when we met with the then Ministers of Treasury Board and Finance, their Chiefs of Staff and their Deputy Ministers on the morning of October 3, 2016, to further discuss the pension asset accounting issue. Yet nothing was mentioned at the meeting about the planned release later that day. Under Canadian Auditing Standards, the actions taken by government and the preparers of the consolidated financial statements toward financial reporting required us to reassess audit risk. We stated in 2016 that going forward, our Office would need to approach the audit of the consolidated financial statements with increased professional skepticism and would assess the need for expanded audit procedures.

**Increasing Debt Burden**—The Province's growing debt burden remained a concern in 2016,

as it had been since we first raised the issue in 2011. In 2016, as in the past, we focused on the critical implications of the growing debt for the Province's finances.

Consistent with our commentary in our *2015 Annual Report*, the government should provide legislators and the public with long-term targets for addressing Ontario's current and projected debt and develop a long-term debt-reduction plan.

**Use of U.S. Generally Accepted Accounting Principles (U.S. GAAP) Financial Results in Ontario's Financial Statements**—In Chapter 2 of our *2016 Annual Report*, we stated that we were carefully watching the financial impact on the Province's consolidated financial statements of the government's decision to consolidate Ontario Power Generation (OPG) and Hydro One's financial results based on U.S. GAAP instead of consolidating their financial results based on International Financial Reporting Standards (IFRS), as required by PSAB standards. We noted that the differences between the two standards could lead to material accounting differences, potentially as early as the 2016/17 fiscal year.

**Pension Note Disclosure Needed Improvement and Pension Assumptions Could Be Re-Assessed**—Based on additional research we conducted in 2016, we recommended that the Province expand the pension plan disclosures in its consolidated financial statements and revisit the reasonableness of its pension assumptions.

We made 10 recommendations, consisting of 15 actions needed for improvement.

## Status of Actions Taken on Recommendations

We conducted assurance follow-up work between April 2, 2018, and September 20, 2018, and obtained written representation from the Treasury Board Secretariat and the Ministry of Finance that

effective October 31, 2018, that it had provided us with a complete update of the status of the recommendations we made in the *2016 Annual Report*.

## Discussion of the Accounting Treatment of a Pension Asset

### Recommendation 1

*We recommend that the Treasury Board Secretariat and the Ministry of Finance finalize their position on the pension asset issue.*

**Status: Fully implemented.**

#### Details

During our 2016 audit, the Province passed a time-limited regulation to prescribe the accounting treatment of net pension assets relating to two of its jointly sponsored pension plans—Ontario Teachers' Pension Plan (Teachers' Pension) and the Ontario Public Service Employees Union Pension Plan (OPS Pension). The legislation required a full valuation allowance be recorded against the net pension assets, therefore writing off the value of the assets. The Province also established a Pension Advisory Panel (Panel) to provide it with advice and recommendations as to the application of PSAS to Ontario's net pension assets.

In February 2017, the Panel completed its report and concluded that the Province should continue to recognize its share of the net pension assets for both the Teachers' Pension and OPS Pension (that is, no valuation allowance was required for either pension plan). During our audit of the March 31, 2017, consolidated financial statements, the Treasury Board Secretariat (Secretariat) concluded that the Province should record the full value of its share of the net pension assets relating to the Teachers' Pension and OPS Pension.

In its March 31, 2018, consolidated financial statements, in accordance with PSAS, the Province recorded a full valuation allowance against the net pension assets for both plans in its consolidated financial statements. This is consistent with the recommendation made by the Independent Finan-

cial Commission of Inquiry (Commission) in its report released in September 2018. The mandate of the Commission was to look into the former government's accounting practices and provide advice and recommendations. Going forward, the Secretariat will work with the ministries of Finance and Education, as well as the Auditor General, to consider what new information or developments are required to support a change in the valuation allowance for either pension plan in accordance with PSAS.

## Office of the Provincial Controller Division

### Recommendation 2

*In order to ensure that appropriate, timely and complete information is provided to the Office of the Auditor General during the conduct of the audit of the consolidated financial statements for the Province of Ontario, the Office of the Provincial Controller Division should:*

- *proactively alert senior officials in the Treasury Board Secretariat and the Ministry of Finance to significant issues that arise during the course of the annual audit;*

**Status: Fully implemented.**

#### Details

In 2017, the Office of the Provincial Controller Division (Controller Division) held three regular update meetings for the Secretary of Cabinet to advise it of any significant accounting issues that arose during the course of our audit of the Province's March 31, 2017, consolidated financial statements. As well, the Controller Division held three meetings with its Public Accounts Steering Committee (Committee) on the status of the audit. The Committee is made up of senior officials from both the Secretariat and the Ministry of Finance (Ministry).

As of March 2018, the Controller Division held three regular update meetings with respect to our

audit of the Province's March 31, 2018, consolidated financial statements. The Controller Division held additional meetings at regular intervals throughout the remainder of the audit.

- *provide the Office of the Auditor General with complete and timely position papers on significant accounting issues that detail its accounting positions and support for those positions;*

**Status: In the process of being implemented by March 2019.**

#### Details

The Office of the Provincial Controller Division (Controller Division) has provided the Auditor General's Office with complete and timely position papers on the majority of significant accounting issues. However, our Office did not receive the Controller Division's accounting position paper for the transactions relating to the Ontario Fair Hydro Plan until June 2018. This was nearly three months after the Province's March 31 fiscal year-end, and about seven months after our original request was made in November 2017. The accounting for the Ontario Fair Hydro Plan is one of the most significant accounting issues that has arisen during the course of our audit of the Province's March 31, 2018, consolidated financial statements.

Our Office would normally expect to receive all accounting position papers from the Controller Division for significant issues on or before the Province's March 31 fiscal year-end. It is important that our Office receive accounting position papers as soon as possible in order for us to have adequate time to assess the position taken, and discuss our findings with Controller Division staff. The Secretariat has begun and is committed to providing its accounting position papers for significant issues, and other relevant supporting documentation, to us before March 31 of each fiscal year. The Secretariat is also committed to informing our Office of any significant matters or issues that could impact the Province's consolidated financial statements as soon as possible.

- *strengthen and increase internal resources dedicated to providing accounting advice and preparing and finalizing the consolidated financial statements.*

**Status: Fully implemented.**

#### Details

In January 2018, the Office of the Provincial Controller Division created a new branch that provides accounting advice on complex accounting issues to ministries and Treasury Board/Management Board of Cabinet. The branch was created by bringing together the resources from three existing teams within the Controller Division, and obtaining approval to add three additional staff.

## Government's Use of External Advisors

### Recommendation 3

*Given that the Office of the Auditor General is the appointed auditor for the consolidated financial statements of the Province of Ontario, and in the interest of ensuring that all information is provided to the Office of the Auditor General on a timely basis, the Treasury Board Secretariat should:*

- *provide copies of contracts with the expert advisors it uses for accounting advice and opinions in order to ensure that the Office of the Auditor General understands the work that the expert advisors are performing and the impact it has on the annual audit;*

**Status: Fully implemented.**

#### Details

In the 2016/17 and 2017/18 fiscal years, during the audit of the Province's consolidated financial statements, our Office requested that the Secretariat provide us with copies of contracts relating to any expert advisors it uses for accounting advice and opinions. The Secretariat provided our Office with three contracts for experts it engaged for accounting advice in 2016/17 and two additional contracts in 2017/18. These expert advisors

provided advice and guidance to supplement the Controller Division's internal analysis of significant accounting issues.

- *request that their external advisors, engaged to provide accounting advice and opinions related to the public accounts audit, notify the Office of the Auditor General of the engagement as required by the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.*

**Status: Fully implemented.**

#### Details

The government engages external advisors throughout the year in various capacities that include providing accounting analysis, advice and interpretation. The interests of the Treasury Board Secretariat (Secretariat), the Ministry of Finance and our Office are best served when there is full disclosure on the intent and use of external advisors. For this reason, any work performed by external advisors in formulating an accounting position should be shared with us as soon as possible, as part of the audit of the consolidated financial statements.

The Secretariat has agreed to request its external advisors—engaged to provide accounting advice and/or opinions relating to the Office's audit of the public accounts—to notify our Office of their engagement, as required under the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

## Use of Legislated Accounting Standards

#### Recommendation 4

*We recommend the government follow the accounting standards established by PSAB, rather than using legislation and regulations to prescribe accounting treatments.*

**Status: Fully implemented.**

#### Details

As discussed in our *2016 Annual Report*, the Province passed legislation in 2009/10, 2011 and 2012 giving it the ability to prescribe certain accounting policies and treatments rather than apply Canadian PSAS. We also reported that these legislated accounting treatments have not yet resulted in the Province's consolidated financial statements materially departing from PSAS. However, we cautioned that if the Province reported a deficit or surplus under legislated accounting standards that was materially different than would be reported under PSAS, the Auditor General would have no choice but to include a reservation in the audit opinion.

In the 2015/16 fiscal year, the Province passed legislation that prescribed the accounting treatment for net pension assets relating to two of its jointly sponsored pension plans—Ontario Teachers' Pension Plan (Teachers' Pension) and Ontario Public Service Employees Union Pension Plan (OPS Pension). The legislation requires a full valuation allowance be recorded against the net pension assets, therefore writing off the value of the assets. While the legislated accounting treatment conformed to PSAS, the Province did not restate its 2014/15 comparative period. As a result, the Province received a qualified audit opinion in 2015/16 for failing to restate the comparative period for the effects of including a full valuation allowance on the net pension assets of the Teachers' Pension and OPS Pension.

In 2016/17, the Province stopped legislating the accounting treatment for the net pension assets of the Teachers' Pension and OPS Pension. It argued that it did not need to have unilateral legal right to its share of the pension plans' surpluses in order for it to recognize a net pension asset under PSAS. As a result, the Province did not record a valuation allowance for the net pension assets relating to the Teachers' Pension and OPS Pension—totalling \$12.429 billion—in its March 31, 2017, consolidated financial statements. The Province also retroactively restated the March 31, 2016, figures to exclude the valuation allowance previously

included in the prior year's consolidated financial statements. We continued to disagree with the Province's view that it did not require a full valuation allowance on the net pension assets for both the Teachers' Pension and OPS Pension.

In addition, the Province also received a qualification in our Independent Auditor's Report for recording the market account assets and liabilities of the Independent Electricity System Operator (IESO) in its March 31, 2017, consolidated financial statements. These market accounts, as recorded on the Province's consolidated financial statements, are not assets and liabilities of the Province. The government has no access or discretion to use the market account assets for its own benefit, nor does the government have an obligation to settle the market account liabilities in the event of default by market participants. As a result, Other Assets and Other Liabilities were each overstated by \$1.652 billion (2016 by \$1.443 billion). There was no effect on the Consolidated Statement of Operations.

Furthermore, our Independent Auditor's Report included an "other matters" paragraph that outlined the inappropriate use of rate-regulated accounting by the Province in its consolidated financial statements. This departure from PSAS did not have a material impact on the Province's consolidated financial statements and therefore did not lead to an additional qualification on the consolidated financial statements for the year ended March 31, 2017.

As discussed in our *Special Report on the Fair Hydro Plan* (Special Report), the Province passed the *Ontario Fair Hydro Plan Act, 2017* (Act) that reduced electricity rates by 25%. The Act requires the creation of a "regulatory" asset by the IESO—in effect, creating an asset using legislation—to cover the shortfall between what the IESO collects from local distribution companies and what it owes to power generators. The intention of the proposed accounting/financing design was to have no bottom-line impact on the Province's annual results and no impact on net debt. In our Special Report,

we recommended the government record the true financial impact of the Fair Hydro Plan on the Province's consolidated financial statements.

In the Province's consolidated financial statements for the year ended March 31, 2018, the government made the following accounting decisions to appropriately:

- recognize a full valuation allowance against the net pension assets for both the teachers' and the OPS pension plans;
- remove market account assets and liabilities;
- discontinue the use of rate-regulated accounting; and
- record the full financial impact of the Fair Hydro Plan.

These accounting decisions are in accordance with Canadian public sector accounting standards.

## Update on Ontario's Debt Burden

### Recommendation 5

*In order to address the Province's growing total debt burden, the government should work toward the development of a long-term total-debt reduction plan that is linked to its target of reducing its net debt-to-GDP ratio to its pre-recession level of 27%.*

**Status:** In the process of being implemented.

### Details

In our *2016 Annual Report*, we reported that the Province's growing debt burden remained a concern, as it has been since we first raised the issue in 2011. Consistent with our commentary in past years, the Office of the Auditor General recommended that the government should provide legislators and the public with long-term targets for addressing Ontario's current and projected debt, and that the government develop a long-term debt reduction plan.

At the time of our follow-up, the Province did not have a long-term debt reduction plan. In the 2017 Ontario Budget, the former government reported that it was targeting to reduce its net debt-to-Gross Domestic Product (GDP) ratio to its

pre-2008 recession level of 27% by the 2029/30 fiscal year. With the election of a new government in June 2018, an Independent Financial Commission of Inquiry was created to review past spending, accounting practices, and identify opportunities to improve the fiscal planning process in the future. The Commission's report, released September 2018, recommended that the government conduct analysis to determine and set an appropriate target and timeline to reduce the Province's ratio of net debt-to-GDP. The government has indicated that the recommendations of the Commission will inform future fiscal planning and that it has not yet had the opportunity to establish a targeted net debt-to-GDP ratio.

## Consolidation of Hydro One and Ontario Power Generation

### Recommendation 6

*We recommend that the Province of Ontario include Hydro One and OPG financial information in the consolidated financial statements using the IFRS reporting framework as required by PSAB standards.*

**Status: Fully implemented.**

#### Details

In our 2016 Annual Report, we reported that the Province chose to continue using U.S. Generally Accepted Accounting Practices (GAAP) and not International Financial Reporting Standards (IFRS) for the consolidation of the financial results of OPG and Hydro One in its March 31, 2016, consolidated financial statements. In February 2016, the Secretariat wrote to the Chartered Professional Accountants of Canada's Accounting Oversight Committee and Public Sector Account Board (PSAB) requesting that PSAB standards recognize U.S. GAAP as a basis of reporting by publicly accountable enterprises. PSAB responded in July 2016 that the PSAB standards would not be changed and government business enterprises should continue to prepare their financial statements in accordance with IFRS.

In the 2016/17 fiscal year, the Province changed its accounting policy and began accounting for the consolidation of the financial results of OPG and Hydro One using IFRS, as required by PSAB standards. This change in accounting policy is further detailed in Note 16d of the Province's March 31, 2017, consolidated financial statements.

## Contaminated Sites

### Recommendation 7

*To ensure that the Province's ongoing contaminated sites liability is reasonably and consistently calculated, the Office of the Provincial Controller Division should continue to work with the ministries to ensure that the Public Sector Accounting Board standards continue to be applied effectively in accounting and measuring these liabilities.*

**Status: Fully implemented.**

#### Details

In April 2018, the Office of the Provincial Controller Division (Controller Division) developed and released its Financial Management Policy and Guidelines for Environmental Contamination to support consistency in the recognition, measurement and reporting of environmental liabilities reported in the Province's consolidated financial statements. These documents build on PSAS and provide specific direction to support improved consistency in liability recognition and measurement for accounting purposes. The Controller Division indicated that it will continue to work with ministries to ensure that they apply PSAS effectively in accounting and measuring environmental liabilities.

## Financial Statement Presentation and Disclosure

### Recommendation 8

*To further improve the accountability and transparency of Ontario's Consolidated Financial Statements for users, the Office of the Provincial Controller*

*Division should expand note disclosures in the consolidated financial statements for pensions and revenues.*

**Status: Fully implemented.**

#### Details

In 2016, our Office performed a refresh review of Ontario's disclosures to assess whether further improvements were needed. We used the Province's 2015/16 Consolidated Financial Statements as the basis for our analysis and undertook a jurisdictional review of financial statements of senior governments in Canada to support our analysis. Our review concluded that while the disclosures used to prepare the consolidated financial statements conformed to PSAB standards in almost all cases, there were instances where disclosures could be improved. For example, we found that many provinces have more complete disclosures than Ontario when it comes to reporting pensions. In addition, our jurisdictional review noted that Ontario provided fewer detailed disclosures in the notes to the consolidated financial statements for revenue than other provincial jurisdictions.

In the 2016/17 fiscal year, the Province expanded its explanation of revenue and its policies of when and how to record revenue under its significant accounting policies disclosures in Note 1e to the consolidated financial statements of Ontario. The revised note disclosure now provides information on the Province's different sources of revenue, such as taxation revenues and government transfers, and has provided further disclosure on its tax revenue policies. With respect to pension information, the Province also expanded its note disclosure by identifying the amount of pension plans with excess obligations over plan assets, and including the market-related value of plan assets in Note 6 to the consolidated financial statements.

## Pension Economic Assumptions

### Recommendation 9

*We recommend that the Treasury Board Secretariat and the Ministry of Finance benchmark and*

*review the 2016/17 pension economic assumptions for reasonableness.*

**Status: Fully implemented.**

#### Details

During our 2016 audit, we engaged an external expert advisor to assist us in reviewing the key economic assumptions used by the Province to determine their pension liabilities and expenses. While we were generally satisfied that the Province's economic assumptions were reasonable, we noted that in the 2015/16 fiscal year, the discount rates were edging toward the high-end of a reasonable range.

In the 2016/17 fiscal year, the Ministry of Finance (Ministry) performed a thorough review of its key economic assumptions for reasonableness and provided us with its analysis during the course of our audit. The analysis included a comparison to the key economic assumptions used by the pension plans in their own financial statements, which were relatively consistent with those used by the Province.

While the Ministry found that the discount rates used were within a reasonable range of long-term expectations, future returns were expected to be lower than in recent years. As a result, the Ministry recommended that the discount rate for the Ontario Public Service Employees Union Pension Plan be lowered by 50 basis points over two years (35 basis points and 15 basis points in 2016/17 and 2017/18 respectively), and 25 basis points for all other pension plans with the exception of the Healthcare of Ontario Pension Plan. The discount rate for that pension plan remains unchanged at 5.75% in the Province's March 31, 2017, consolidated financial statements.

## Reporting under Fiscal Transparency and Accountability Act

### Recommendation 10

*To ensure compliance with financial disclosure requirements under the Fiscal Transparency and*

Accountability Act, 2004, *the Ministry of Finance should work with the Minister of Finance's office to ensure that:*

- *the Third Quarter Finances report is prepared and publicly released on a timely basis;*
- *when there are delays in issuing Ontario's Long-Term Report on the Economy and a letter is tabled to that effect, the letter includes the reasons for the delay;*
- *delayed information is tabled as soon as it is available.*

**Status: Fully implemented.**

#### Details

In our *2016 Annual Report*, we reported that the last release of the Third Quarter Finances by the legislated deadline was on January 22, 2013, relating to the 2012/13 fiscal year, as required by the *Fiscal Transparency and Accountability Act, 2004 (Act)*. Furthermore, the Minister of Finance (Minister) did not release the Province's Third Quarter Finances for the 2013/14, 2014/15, and 2015/16 fiscal years, but instead—as permitted under the Act—notified the Legislative Assembly that the Third Quarter Finances would be included in the annual budgets.

In addition, at the time of our audit, we noted that the Minister released Ontario's Long-Term

Report on the Economy after the legislated deadline in 2009 and 2013. Similarly, in 2016, the Minister once again missed the legislated deadline to release Ontario's Long-Term Report on the Economy. Instead, the Minister issued a statement to the Legislative Assembly saying the report would be delayed until later in the fiscal year, but did not explain why the information—a requirement under the Act—was being released late.

At the time of our follow-up, the Minister once again failed to release the Province's Third Quarter Finances by the legislated deadline for the 2016/17 fiscal year, but—as required by the Act—provided an explanation in his statement to the Legislative Assembly. The Province's Third Quarter Finances for the 2016/17 fiscal year were released on February 21, 2017—six days after the legislated deadline. For the 2017/18 fiscal year, the Minister released the Province's Third Quarter Finances by the legislated deadline of February 15, 2018.

The Minister released Ontario's Long-Term Report on the Economy—originally due June 12, 2016—on February 8, 2018. The next long-range assessment of Ontario's economic and fiscal environment is due June 7, 2020—two years after the most recent provincial election.

## Chapter 2

### Section 2.01

# Government Payments to Education-Sector Unions

Follow-Up on *May 2016 Special Report*

| RECOMMENDATION STATUS OVERVIEW |                                |                               |                                    |                          |                            |                         |
|--------------------------------|--------------------------------|-------------------------------|------------------------------------|--------------------------|----------------------------|-------------------------|
|                                | # of<br>Actions<br>Recommended | Status of Actions Recommended |                                    |                          |                            |                         |
|                                |                                | Fully<br>Implemented          | In Process of<br>Being Implemented | Little or No<br>Progress | Will Not Be<br>Implemented | No Longer<br>Applicable |
| Recommendation 1               | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 2               | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 3               | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 4               | 1                              |                               |                                    | 1                        |                            |                         |
| Recommendation 5               | 1                              | 1                             |                                    |                          |                            |                         |
| Recommendation 6               | 3                              | 1.5                           |                                    | 1.5                      |                            |                         |
| <b>Total</b>                   | <b>8</b>                       | <b>5.5</b>                    | <b>0</b>                           | <b>2.5</b>               | <b>0</b>                   | <b>0</b>                |
| <b>%</b>                       | <b>100</b>                     | <b>69</b>                     | <b>0</b>                           | <b>31</b>                | <b>0</b>                   | <b>0</b>                |

## Overall Conclusion

As of June 6, 2018, the Ministry of Education (Ministry) had fully implemented 69% of the actions we recommended in our *2016 Special Report*, and had made little or no progress on the remaining 31% of our recommended actions.

Since our audit in 2016, the Ministry has reiterated its position that it would not fund education-sector unions' bargaining costs in the future. The Ministry made only one payment for bargaining

costs, \$1 million to the Ontario English Catholic Teachers' Association in August 2017, which was negotiated during the 2014/15 round of central bargaining. The Ministry also made amendments to the *School Boards Collective Bargaining Act, 2014*, to improve future rounds of negotiations based on feedback from school board trustees' associations and education-sector unions.

There were some areas where the Ministry made little or no progress in implementing our recommended actions. For example, the Ministry had not performed an assessment of how professional development in the education sector could

be best delivered. In addition, the Ministry had not yet amended the method of providing funding to school board trustees' associations. The Ministry continues to provide much of the funding to school board trustees' associations indirectly through school boards using the Grants for Student Needs. These funds are not clearly disclosed in Volume 3 of the Public Accounts of Ontario as being received by the trustees' associations. We continue to believe that funding for trustees' associations should be transparent and disclosed in Volume 3.

In addition, the Ministry put in place reporting requirements for the funds it provides school board trustees' associations through the Grants for Student Needs. However, it incorporated these requirements into existing transfer payment agreements. We believe this is not the correct accountability mechanism to ensure funds provided through the Grants for Student Needs are spent for the purposes intended, since the Grants for Student Needs are established annually by regulation and are not covered by a transfer payment agreement. During our follow-up, the Ministry told us that it expects to review the accountability mechanism it has in place for trustees' associations.

The status of actions taken on each of our recommendations is included in this report.

## Background

Between April 2014 and December 2015, the Ministry of Education (Ministry) and central employer bargaining agencies undertook a “central-bargaining process” with nine education-sector unions. The purpose of these negotiations was to reach agreements with the unions on central-bargaining issues. In October 2015, the media reported that the Ministry committed to pay three teachers' unions a total of \$2.5 million to offset their bargaining costs.

Two weeks after the first media reports appeared, the Standing Committee on Public

Accounts (Committee) requested that we review the bargaining costs paid to education-sector unions since 2008. The Committee requested that our work include answering questions about where the money for the payments came from, what the payments were intended to fund, and whether other jurisdictions engaged in the same practice of paying bargaining units for negotiations. We added 10 other questions to these three, and our Special Report was structured around the answers to these 13 questions.

The Province introduced central bargaining, in addition to local collective bargaining, in 2004. The main topics of negotiations in central bargaining were salaries and other financial matters. In the next two rounds of central bargaining (in 2008/09 and 2012), the central-bargaining tier evolved further, but in all three rounds, participation by unions, school boards and school trustees' associations was voluntary.

Before negotiations began in 2008 and 2012, the Ministry told all education-sector unions that it would reimburse them for central-bargaining costs to encourage them to participate. The Ministry signed transfer-payment agreements with the unions stating the maximum amount the Ministry would reimburse them and the types of expenses that would be eligible. The agreements required that unions submit monthly expense statements signed off by the CEO and CFO attesting that the expenses were eligible for reimbursement.

There was no advance commitment by the Ministry to pay for bargaining costs in the 2014/15 round of negotiations, in which, under the *School Boards Collective Bargaining Act, 2014*, union participation was mandatory. The Ministry told the Canadian Union of Public Employees (CUPE) in January 2015 that it “is not paying any of the costs that have been or will be incurred by any of the unions during bargaining.”

The Ministry then later negotiated separate agreements with the Ontario Secondary School Teachers' Federation (OSSTF) in August 2015 (to pay \$1 million), the Ontario English Catholic

Teachers' Association (OECTA) in August 2015 (to pay \$1 million) and l'Association des enseignantes et des enseignants franco-ontariens (AEFO) in September 2015 (to pay \$500,000). There were initially no accountability provisions (that is, the unions would not have to provide receipts or expense statements to receive the money).

In a letter dated November 12, 2015, a week after the Committee passed its motion requesting us to perform the audit, the Ministry informed the unions that they would have to provide an expense report signed off by an authorized union representative and audited by an independent accounting firm.

Among the findings included in our May 2016 *Government Payments to Education-Sector Unions* special report:

- It is understandable that concerns were raised in principle about the Ministry's 2014/15 commitments/payments to unions for bargaining costs. These arrangements initially lacked accountability and the controls usually associated with government funding. It was only after the Ministry made the arrangements and was heavily criticized by the media and members of the Legislature that the Ministry required the unions to provide support for the costs to be claimed.
- The Ministry's rationale for reimbursing the unions' bargaining costs was that it would advance negotiations. Two teachers' unions told us that negotiations might have stalled without the agreement to pay bargaining costs. The Ministry also recognized that the 2014/15 round of bargaining was longer than in previous years and likely contributed to additional costs for all parties involved.
- The total bargaining costs committed or paid up to March 31, 2016, to unions from the 2008/09, 2012, and 2014/15 central-bargaining rounds was \$3.796 million.
- We found very little evidence of other Canadian governments paying education-sector unions for bargaining costs. As well, the Ontario government has typically not made payments to other large public-sector unions for bargaining costs.
- Both the *Education Act* and the *School Boards Collective Bargaining Act, 2014* define school boards, not the Ministry of Education, as the legal employers of school board employees. Not being the legal employer, the Ministry is not subject to the *Labour Relations Act, 1995* for collective bargaining. The *Labour Relations Act, 1995* has been interpreted to potentially prohibit payments to a union by an employer or employers' organization, or a person acting on behalf of an employer or an employers' organization, if the payments undermine the independence of the union for the purposes of the Act. Even if the Ministry was defined as the employer and was subject to the *Labour Relations Act, 1995*, given the amount of bargaining costs committed/paid relative to the financial resources of the unions, it is unlikely that the payments would legally be viewed as undermining the independence of the unions.
- Although the Ministry initiated central bargaining in 2004, no policy or legislated framework was put in place for this process until April 2014, with the passage of the *School Board Collective Bargaining Act, 2014*. In the absence of a legislated framework, union participation in central bargaining in 2008/09 and 2012 was voluntary, and the Ministry encouraged this participation by offering to reimburse union bargaining costs. Those offers in 2008 and 2012 may very well have created an expectation that continued reimbursement of bargaining costs would be possible in future rounds of negotiations.
- From 2000/01 to 2015/16, the Ministry made other payments, totalling \$80.5 million, to education-sector unions in Ontario and the Ontario Teachers' Federation (the Ontario Teachers' Federation, which is governed by the AEFO, the Elementary Teachers'

Federation of Ontario [ETFO], the OECTA and the OSSTF, advocates for the teaching profession and publicly funded education, but is not involved in collective bargaining). Of the \$80.5 million, \$22 million was disbursed in 2006 as unconditional grants with no accountability or control provisions. The Ministry generally put in some accountability mechanisms for the remaining payment amounts. In addition, in 2008/09, the Ministry flowed \$6.8 million in funding to school boards to provide to the AEFO to use for teacher professional development. This \$6.8 million is outside of the \$80.5 million in direct payments from the Ministry to unions.

- Between 2008/09 and 2014/15, the Ministry also provided about \$14.7 million of funding to school board trustees' associations to build their capacity and participate in central-bargaining negotiations. The Ministry provided these funds both directly under transfer payment agreements and indirectly through grants to school boards. The *School Boards Collective Bargaining Act, 2014* significantly expanded the associations' mandate to join with the Ministry in co-managing the employer side of bargaining. The Ministry needs to improve the transparency and accountability of this funding by providing it directly to school board trustees' associations versus transferring it through school boards. Transferring the funding through the school boards exempts the payments from being clearly disclosed as funding for the associations in Volume 3 of the Public Accounts of Ontario, and exempts associations from the requirements of the *Public Sector Salary Disclosure Act, 1996*.

We made six recommendations, consisting of eight actions needed for improvement, and received commitments from the Ministry that it would take action to address them.

## Status of Actions Taken on Recommendations

We conducted assurance follow-up work between April 1, 2018, and June 6, 2018, and obtained written representation from the Ministry of Education on October 31, 2018, that it has provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

### No Policy Framework or Legislation in Place for Central Bargaining Prior to the *School Boards Collective Bargaining Act, 2014*

#### Recommendation 1

*When launching a major provincial initiative that impacts external stakeholders, the Ministry of Education should ensure that a transparent policy and legislative framework is in place before the major initiative is launched.*

**Status:** Fully implemented.

#### Details

In May 2016, the Ministry issued a policy that established a Provincial Committee on Ministry Initiatives (“the committee”) to provide advice to the Ministry on new or existing Ministry initiatives relating to improving student achievement and well-being. The committee includes representation from external stakeholders such as education-sector unions, principals' associations, Directors of Education associations, and school board trustees' associations.

Although not noted in the policy document, the Ministry told us that this committee would also deal with initiatives relating to labour-negotiation processes. On March 27, 2017, the Ontario government passed the *School Boards Collective Bargaining Amendment Act, 2017*, which made amendments to the *School Boards Collective Bargaining Act, 2014*.

For details on the amendments see the details to

**Recommendation 2.**

## Unions' Rationale for Negotiating 2014/15 Payments was the Length and Inefficiency of the Central-Bargaining Process

### Recommendation 2

*To improve the efficiency and effectiveness of two-tier education-sector bargaining in Ontario, the Ministry of Education should complete its review of the 2014/15 central-bargaining process and the School Boards Collective Bargaining Act, 2014, and implement needed changes.*

**Status: Fully implemented.**

### Details

At the time of our audit, the Ministry of Education, with the help of a facilitator from the Ministry of Labour, was consulting with unions and school board trustees' associations to identify ways of improving the central-bargaining process. From March 2016 to February 2017, the Ministry met with education-sector unions and school board trustees' associations on four separate occasions to obtain feedback on how the Act and the central-bargaining process could be improved for future rounds of negotiations.

On March 27, 2017, the Ontario government passed the *School Boards Collective Bargaining Amendment Act, 2017*, which made amendments to the *School Boards Collective Bargaining Act, 2014*. All amendments were effective by May 4, 2018. Some of the significant amendments were:

- requiring mandatory participation in central bargaining by all education-sector unions (at the time of our audit, participation was only mandatory for teachers' unions);
- allowing the Crown, or the applicable employer bargaining agent, to receive updates on the status and progress of local bargaining, and for the Crown or employer bargaining agent to assist with local negotiations, upon request;
- allowing the extension of collective agreements by two, three, four or five years;

- allowing central bargaining parties and the Crown to file an application with the Ontario Labour Relations Board for determination on whether there are conflicts or inconsistencies between central and local terms within a collective agreement; and
- ensuring parents and students are informed in advance of a labour disruption by requiring an additional five days' notice for a strike or lock-out (under certain circumstances) beyond the existing five days' notice already covered by the Act. For example, a 10-day notice is required when there is a complete withdrawal of instruction or services in one or more schools of a board, or if one or more schools of a board is to be closed.

The amendments did not explicitly address the length of time to decide on which issues should be negotiated centrally versus locally. This concern might be minimal in the next round of negotiations given the Ontario Labour Relations Board already decided on many central bargaining issues in the last round of negotiations. The amendments also did not address concerns regarding the logistics of bargaining, such as scheduling and the location of negotiations, or who was responsible for covering the costs of central bargaining. However, the Ministry does not expect to fund bargaining costs for education-sector unions in future rounds, as explained below in the details to **Recommendation 3**.

## Public Perception Concerns Naturally Arose with the Ministry/Crown Paying Unions for Bargaining Costs

### Recommendation 3

*In order to avoid future perception concerns about the Ministry of Education's funding of education-sector unions' bargaining costs to advance negotiations, the Ministry should consider ceasing this practice.*

**Status: Fully implemented.**

### Details

At the time of our audit in 2016, the Ministry told us that the 2014/15 bargaining process required more time and resources from all parties involved because it was the first round of bargaining under the framework of the new Act. This should not be the case in future rounds. Therefore, the Ministry did not expect to fund bargaining costs for education-sector unions in future rounds.

At the time of our follow-up, the Ministry again indicated that it would not fund unions' bargaining costs in the future. Since our audit, the Ministry has made only one payment for bargaining costs (\$1 million to the Ontario English Catholic Teachers' Association on August 10, 2017), which was negotiated during the 2014/15 round of central bargaining and gave rise to the special audit.

## Ministry Has Made Payments to Education-Sector Unions Since 2000 for Purposes Other Than Central Bargaining

### Recommendation 4

*Working with school boards, the Ministry of Education should, in an open and transparent manner, regularly assess how professional development in the education sector can best be delivered and align the funding according to the results of this assessment, ensuring accountability mechanisms are in place.*

**Status:** Little or no progress.

### Details

In our 2016 *Special Report*, we reported that the Ministry paid education-sector unions to provide professional development to teachers. At the time, the Ministry told us it provided professional development funding to unions to encourage them to “take greater ownership of Ministry priorities.” From the unions' point of view, the professional development they provide is more relevant and effective than that provided by school boards, because it is the teachers themselves who deliver it. From the school board trustees' association

point of view, school boards are responsible for, and accountable to the government for, student achievement. The school boards therefore must align their professional development and training to meet Ministry objectives for education.

At the time of our 2016 report, the Ministry told us that it was reviewing the expertise within the education sector and assessing the most appropriate bodies to deliver each type of professional development. However, at the time of our follow-up, the Ministry had not performed an assessment that illustrated how professional development in the education sector could be best delivered. The Ministry reiterated its position that providing funding to a union to deliver training on a Ministry priority creates greater ownership of the Ministry priority.

The Ministry continues to fund unions to deliver training and professional development. From April 1, 2016 to May 18, 2018, the Ministry paid the Ontario Teachers' Federation and teachers' unions \$13.1 million for training and professional development. Most of this funding was provided to the Ontario Teachers' Federation, similar to the time of our audit. The Ontario Teachers' Federation is governed by the four teachers' unions in the province, advocates for the teaching profession and publicly funded education, but is not involved in collective bargaining.

### Recommendation 5

*The Ministry of Education should assess the merits of providing funding to education-sector unions for purposes other than professional development outside of the collective bargaining process.*

**Status:** Fully implemented.

### Details

According to the Ministry, it does not intend to fund unions for purposes other than professional development outside of the collective bargaining process. From April 1, 2016, to May 18, 2018, the Ministry paid unions \$72,400 outside of the collective bargaining process, primarily for travel and

hospitality expenses for stakeholder consultations, working groups, and advisory committee meetings relating to the implementation of Ministry policies and initiatives.

## Ministry Provides Funding for Central-Bargaining Costs of School Board Trustees' Associations, But Accountability and Transparency Needs Improvement

### Recommendation 6

*The Ministry of Education should:*

- *amend the method of providing funding, outlined in O. Reg. 206/15 of the School Boards Collective Bargaining Act, 2014, for the transparent disclosure of payments to school board trustees' associations in Volume 3 of the Public Accounts of Ontario and ensure that the associations are subject to the Public Sector Salary Disclosure Act, 1996;*

**Status: Little or no progress regarding method of providing funds to school board trustees' associations (0.5).**

**Fully implemented regarding having school board trustees' associations be subject to the *Public Salary Disclosure Act, 1996* (0.5).**

### Details

The Ministry continues to provide funding to school board trustees' associations both directly through transfer payment agreements and indirectly through school boards via the Grants for Student Needs. Based on our review of Ministry documents, both sources of funding are essentially for the same purpose. Both are provided because of statutory obligations under the *School Boards Collective Bargaining Act, 2014*, which designates the trustees' associations as the central employer bargaining agents. We believe funding for the same purpose should be provided through the same funding mechanism.

Volume 3 of the Public Accounts of Ontario discloses all recipients of government transfer payments of at least \$120,000 in a fiscal year. In 2016/17, the four school board trustees' associations received a total of \$6.2 million in provincial funding. However, only \$1.6 million, which was paid to them directly by the Ministry through transfer payment agreements, was disclosed in Volume 3 as being received by the trustees' associations. The remaining \$4.6 million, which was flowed to them by the Ministry through the school boards, was identified in Volume 3 as being received by school boards instead of the trustees' associations. The Ministry's reasoning for funding trustees' associations through the Grants for Student Needs is that it reinforces the accountability relationship between the associations and the school boards. We continue to believe that funding trustees' associations should be transparent and disclosed in Volume 3, regardless of how the funding is flowed to the associations.

However, at the time of our follow-up, the Ministry informed us that it was expecting to begin a review of the way it provides funding to trustees' associations. The review is expected to assess the accountability relationship between the individual employers and their central employer bargaining representatives. It is also expected to look at the principles of transparency and accountability, and ensuring appropriate control mechanisms are in place.

In 2016, we also reported that the Ministry's method of funding trustees' associations through school boards means that associations do not have to disclose the salaries of their employees who would otherwise be subject to the *Public Sector Salary Disclosure Act, 1996*. This Act requires that not-for-profit organizations (such as school board trustees' associations) that receive at least \$1 million in funding from the government must publicly disclose the names and salary amounts of employees earning more than \$100,000. On March 27, 2017, the *Public Sector Salary Disclosure Act, 1996* was amended to specifically make trustees' associations subject to salary disclosure requirements. We

noted that three of the four trustees' associations disclosed the names and salary amounts of employees earning more than \$100,000 for 2017. We were informed that due to an oversight, the fourth association did not disclose.

- *put in place accountability and control mechanisms to ensure funds provided are used for the purposes intended;*

**Status: Little or no progress.**

#### Details

At the time of our 2016 audit, trustees' associations were only required to report back on how funding provided directly by the Ministry through transfer payment agreements was spent. The regulation, which provides Ministry funding to trustees' associations through school boards (via the Grants for Student Needs), did not include a requirement that the associations report back on how the funding was spent or provide supporting documentation for expenses.

Since our audit, the Ministry has amended transfer payment agreements to require that associations also report on how they spent funding provided through school boards. Associations are now required to provide an audited financial expense statement to verify how they spent funds provided through both the Grants for Student Needs and transfer payment agreements, according to the following expense categories: staffing, operating, professional services, and travel.

In our opinion, putting accountability mechanisms in place through transfer payment agreements

is not the best way to ensure accountability of how Grants for Student Needs funds are spent.

As mentioned, the Ministry plans to review the accountability mechanism in place for trustees' associations in its upcoming review of how best to fund them.

- *ensure that the eligibility periods in transfer-payment agreements do not unnecessarily overlap.*

**Status: Fully Implemented.**

#### Details

In our 2016 *Special Report*, we reported that for 2014/15 central bargaining, each trustees' association received payments under four different transfer-payment agreements for labour-relation activities. The four agreements were all for the same general purpose, and the periods for eligible expenses overlapped. For example, eligible expenses incurred during the month of December 2014 and the month of August 2015 could be reimbursed under three different agreements. None of the agreements expressly prohibited an association from claiming the same expense more than once under different agreements.

Starting in the 2016/17 school year, the Ministry eliminated the practice of entering into multiple transfer-payment agreements with overlapping eligibility periods and now only disburses funds under one agreement annually with each trustees' association for the costs associated with labour-relation activities.

# Follow-Up on Reports Issued by the Standing Committee on Public Accounts

## Summary

The Standing Committee on Public Accounts (Committee) holds hearings throughout the year when the Legislature is in session on chapters in our Annual Reports or our special reports, and presents its observations and recommendations in reports that it tables in the Legislative Assembly. The ministries, agencies of the Crown and organizations in the broader public sector are responsible for implementing the recommendations made by the Committee; our role is to independently express a conclusion on the progress that the audited entity made in implementing the actions contained in recommendations.

This year, we followed up on the status of the implementation of the Committee's recommendations from eight Committee reports tabled between April 2017 and February 2018. Our objective is to provide the Committee with information on the actions being taken by audited entities to provide the requested information and address the recommendations that the Committee made in its reports to the Legislature.

In conducting the follow-up work, our Office complies with the Canadian Standard on Quality Control and the Canadian Standard on Assurance Engagements—Direct Engagements established by

the Chartered Professional Accountants of Canada. The staff who conducted the follow-up work comply with the independence and other ethical requirements of the Rules of Professional Conduct issued by Chartered Professional Accountants of Ontario.

Our follow-up work consists primarily of inquiries and discussions with the government, the relevant ministries or broader public sector entities, a review of their status reports, and a review of selected supporting documentation. In a few cases, internal auditors also assisted us with this work. The procedures performed vary in nature and timing from an audit and do not extend as far. As this is not an audit, we cannot provide a high level of assurance that the corrective actions described have been implemented effectively. The actions taken or planned may be more fully examined and reported on in future audits. Status reports will factor into our decisions on whether future audits should be conducted in these same areas.

With respect to the implementation status of the recommendations followed up, nothing has come to our attention to cause us to believe that the status representations made by entity management do not present fairly, in all significant respects, the progress made in implementing the recommendations.

As noted in **Figure 1**, progress has been made toward implementing 70% of the Committee's 164 recommended actions, including 39% of them that have been fully implemented. The Ministry

of Finance and Treasury Board Secretariat, the Ministry of Health and Long-Term Care (Large Community Hospital Operations) and the Ministry of Transportation have fully implemented over half of the Committee's recommendations.

However, there has been little or no progress on 45 (27%) of the recommended actions. In particular, we found the Ministry of Children and Youth Services had made little progress on implementing 96% of the Committee's recommended actions. For instance, it had not yet implemented a funding model to allocate funding to child and youth mental

health agencies based on the needs of the children and youth it serves. We also found the Ministry of Advanced Education and Skills Development had made little progress on recommendations related to monitoring and evaluation. For instance, it does not regularly analyze apprentice completion rates or identify factors preventing apprentices from passing the final exams.

A further 1% of the Committee's recommended actions will not be implemented. More specific details are presented in the sections that follow **Figure 1.**

**Figure 1: Overall Status of Implementation of Recommendations from the Standing Committee on Public Accounts**

Prepared by the Office of the Auditor General of Ontario

| Report Section   | # of Recs  | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|--|------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|  |            |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| 3.01 Child and Youth Mental Health<br>Tabled December 2017   | 11         | 28                       | 0                             | 1                               | 27                    | 0                       | 0                    |
| 3.02 Employment Ontario<br>Tabled December 2017  | 14         | 24                       | 1.5                           | 11.5                            | 9                     | 1                       | 1                    |
| 3.03 Large Community Hospital Operations<br>Tabled February 2018   | 16         | 34                       | 25                            | 7                               | 2                     | 0                       | 0                    |
| 3.04 Long-Term-Care Home Quality Inspections<br>Tabled May 2017  | 11         | 25                       | 12                            | 13                              | 0                     | 0                       | 0                    |
| 3.05 Physician Billing<br>Tabled February 2018   | 6          | 17                       | 6                             | 7                               | 4                     | 0                       | 0                    |
| 3.06 Public Accounts of the Province<br>Tabled May 2017  | 6          | 6                        | 5                             | 1                               | 0                     | 0                       | 0                    |
| 3.07 Ministry of Transportation—Road Infrastructure Construction Contract Awarding and Oversight<br>Tabled December 2017 | 11         | 17                       | 10                            | 7                               | 0                     | 0                       | 0                    |
| 3.08 University Intellectual Property<br>Tabled April 2017   | 8          | 13                       | 4.3                           | 3.7                             | 3                     | 2                       | 0                    |
| <b>Total</b>   | <b>83</b>  | <b>164</b>               | <b>63.8</b>                   | <b>51.2</b>                     | <b>45</b>             | <b>3</b>                | <b>1</b>             |
| <b>%</b>   | <b>100</b> | <b>100</b>               | <b>39</b>                     | <b>31</b>                       | <b>27</b>             | <b>2</b>                | <b>1</b>             |

## Chapter 3

### Section 3.01

Ministry of Children, Community and Social Services

# Child and Youth Mental Health

## Standing Committee on Public Accounts Follow-Up on Section 3.01, 2016 Annual Report

On March 22, 2017, the Standing Committee on Public Accounts (Committee) held a public hearing on our 2016 audit of the Child and Youth Mental Health program administered by the Ministry of Children, Community and Social Services (formerly the Ministry of Children and Youth Services). The Committee tabled a report on this hearing in the Legislature in December 2017. The report can be found at [www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html](http://www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html).

The Committee made 11 recommendations and asked the Ministry of Children, Community and Social Services (Ministry) to report back by April 2018. The Ministry formally responded to the Committee on April 3, 2018. A number of the issues raised by the Committee were similar to the audit observations in our 2016 audit, which we followed up on in 2018. The status of the Committee's recommended actions is shown in **Figure 1**.

**Figure 1: Summary Status of Actions Recommended in December 2017 Committee Report**

Prepared by the Office of the Auditor General of Ontario

|                   | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|-------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                   |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1  | 2                        |                               |                                 | 2                     |                         |                      |
| Recommendation 2  | 2                        |                               |                                 | 2                     |                         |                      |
| Recommendation 3  | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 4  | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 5  | 4                        |                               |                                 | 4                     |                         |                      |
| Recommendation 6  | 4                        |                               |                                 | 4                     |                         |                      |
| Recommendation 7  | 2                        |                               |                                 | 2                     |                         |                      |
| Recommendation 8  | 2                        |                               | 1                               | 1                     |                         |                      |
| Recommendation 9  | 2                        |                               |                                 | 2                     |                         |                      |
| Recommendation 10 | 3                        |                               |                                 | 3                     |                         |                      |
| Recommendation 11 | 5                        |                               |                                 | 5                     |                         |                      |
| <b>Total</b>      | <b>28</b>                | <b>0</b>                      | <b>1</b>                        | <b>27</b>             | <b>0</b>                | <b>0</b>             |
| <b>%</b>          | <b>100</b>               | <b>0</b>                      | <b>4</b>                        | <b>96</b>             | <b>0</b>                | <b>0</b>             |

The Ministry's responses to this report are a point-in-time reflection of planned activities and approaches from the perspective of the former Ministry of Children and Youth Services (now the Ministry of Children, Community and Social Services). The government recently announced that the Ministry of Health and Long-Term Care will be taking on responsibility for child and youth mental health from the former Ministry of Children and Youth Services. Effective October 29, 2018, policy and financial accountability for child and youth mental health transferred to the Ministry of Health and Long-Term Care. Future decisions on child and youth mental health policies, programs and services related to the recommendations in this report will be considered in the context of the transfer and integration of the Child and Youth Mental Health portfolio into the Ministry of Health and Long-Term Care's mental health system.

We conducted assurance work between April 3, 2018, and July 5, 2018, and obtained written representation from the Ministry that, effective October 31, 2018, it has provided us with a complete update of the status of the recommendations made by the Committee in its report.

## Overall Conclusion

At the time of our follow-up, the Ministry had established plans to address the majority of the

recommendations in the Committee's report. However, the Ministry required substantially more time to work toward fully implementing the recommendations.

According to the information the Ministry provided to us, as of July 5, 2018, one of the Committee's recommended actions (4%) was in the process of being implemented. However, there has been little or no progress on the remaining actions (96%). That is, the Ministry has, for example, developed but not yet implemented a funding model to allocate funding to child and youth mental health agencies based on the mental health needs of the children and youth it serves. In addition, the Ministry has committed to lead a review of its program guidelines and requirements to further define them so that they can be consistently applied by all agencies; however, the review is not scheduled to begin until December 2018. As well, the Ministry does not expect to have collected sufficient data to set targets for its performance indicators until 2024.

## Detailed Status of Recommendations

Figure 2 shows the recommendations and the status details that are based on responses from the Ministry, and our review of the information provided.

**Figure 2: Committee Recommendations and Detailed Status of Actions Taken**

Prepared by the Office of the Auditor General of Ontario

| Committee Recommendation   | Status Details  |
|--|---|
| <p><b>Recommendation 1</b><br/>The Ministry of Children, Community and Social Services work collaboratively with other ministries that provide mental health services to:</p> <ul style="list-style-type: none"> <li>determine the impact of their initiatives on the mental health outcomes of children and youth and further leverage initiatives that result in improved mental health outcomes for children and youth;<br/><b>Status: Little or no progress.</b></li> <li>further analyze increases in in-patient hospitalizations and hospital emergency room visits by children and youth for mental health issues, assess the nature of these visits, and use this information to put in place actions to reduce visits by, for example, focusing on health promotion, prevention, and early intervention.<br/><b>Status: Little or no progress.</b></li> </ul> | <p>The Ministry has not made significant progress toward implementing this recommendation. The Ministry identified that it plans to work with the Ministries of Health and Long-Term Care, Education, and Training, Colleges and Universities (formerly Advanced Education and Skills Development) to develop common indicators to measure the mental health outcomes of children and youth by September 2020. Thereafter, the Ministry indicated that it intends to use these indicators to measure the impact of initiatives, and assess if specific initiatives require their own evaluation framework. In addition, the Ministry plans to fully implement its Business Intelligence (BI) solution that will capture anonymized client-level data at all agencies by April 2020. The Ministry expects that the implementation of the BI solution will enable better analysis of mental health outcomes and better targeting of mental health investments.</p> <p>To gain a better understanding of increased emergency department utilization rates by children and youth for mental health and addictions issues, the Ministry engaged the Institute for Clinical Evaluative Sciences (ICES), which provided the Ministry in 2017 with a report examining the data. The Ministry advised us that it is currently working with the Ministry of Health and Long-Term Care to complete a comprehensive analysis of available data on the use of hospital-based mental health services by children and youth by the fall of 2018. The Ministry indicated that this work will be used to inform future policy decisions that address the increase. However, the Ministry has not established a timeline for when it expects to use this information to put in place actions to reduce hospital visits.</p> |
| <p><b>Recommendation 2</b><br/>The Ministry of Children, Community and Social Services, in consultation with Children's Mental Health Ontario:</p> <ul style="list-style-type: none"> <li>investigate and analyze the reasons for the long wait times for children and youth in need of mental health services; and use this analysis to reduce wait times for children and youth seeking mental health services;<br/><b>Status: Little or no progress.</b></li> </ul>   | <p>The Ministry has made little progress toward implementing this recommendation. The Ministry's plans to address this recommendation include analyzing three years of wait-time data in the fall of 2018; developing an approach to assessing variability in wait times in consultation with Children's Mental Health Ontario (CMHO); establishing and communicating baselines and acceptable ranges for variability in wait times to child and youth mental health agencies by November 2018; and annually discussing variances in wait times with agencies beginning in the summer of 2019. The Ministry is also planning to use the Business Intelligence solution that it intends to fully implement at all agencies by April 2020, to capture anonymized client-level data, including more accurate wait-time data. However, the Ministry indicated that it does not expect to have captured sufficient data to establish wait-time targets and a strategy to address wait times until 2024.</p>  |

| Committee Recommendation   | Status Details   |
|--|--|
| <ul style="list-style-type: none"> <li>investigate and analyze the reasons for the increasing number of emergency room visits and in-patient hospitalization of children and youth with mental health needs; and use this analysis to enable more children and youth with mental health needs to access mental health care services outside of hospital settings.</li> </ul> <p><b>Status: Little or no progress.</b></p>  | <p>To gain a better understanding of increasing emergency department utilization rates by children and youth for mental health and addictions issues, the Ministry engaged ICES, which provided the Ministry in 2017 with a report examining the data. The Ministry advised us that it is currently working with the Ministry of Health and Long-Term Care to complete a comprehensive analysis of available data on the use of hospital-based mental health services by children and youth by the fall of 2018. The Ministry indicated that this work will be used to inform future policy decisions that address the increase. However, the Ministry has not established a timeline for when it expects to use this information to put in place actions to reduce hospital visits.</p>   |
| <p><b>Recommendation 3</b></p> <p>The Ministry of Children, Community and Social Services work in consultation with Children’s Mental Health Ontario and Local Health Integration Networks to help hospitals develop and implement protocols and assessment tools for assessing the mental health needs of children and youth seeking treatment at hospitals.</p> <p><b>Status: Little or no progress.</b></p>   | <p>The Ministry advised us that it has made limited progress toward implementing this recommendation. The Ministry identified that in January 2018, the Ontario Centre of Excellence for Child and Youth Mental Health (Centre) completed a report that provides an overview of tools currently used by lead child and youth mental health agencies to assess mental health needs. The report identified the main strengths and challenges of the tools to help find common tools that the mental health sector can use for clinical interventions and decision-making, and for measuring performance. The Ministry plans to work with the Ministry of Health and Long-Term Care to align their data, use of standardized tools, collection of performance indicators and reporting, to improve the quality of the data they use for decision-making and providing mental health services. This will include examining opportunities to use standardized tools and processes across sectors to support identification of needs. The Ministry plans to undertake this work by September 2020.</p>   |
| <p><b>Recommendation 4</b></p> <p>The Ministry of Children, Community and Social Services work in consultation with Children’s Mental Health Ontario and Local Health Integration Networks, hospitals, and lead child and youth mental health agencies to develop and implement system navigation protocols for better managing clients’ transitions between hospitals and child and youth mental health services, as well as transitions between community-based services.</p> <p><b>Status: Little or no progress.</b></p> | <p>The Ministry noted that lead agencies are building connections locally across children’s services, including those in the health, education and broader children’s services sectors, and bringing service providers together to improve local planning through the core services delivery report and the community mental health report.</p> <p>However, significant work remains outstanding before this recommendation is fully implemented. The Ministry’s current plans to address the recommendation include leveraging lead child and youth mental health agencies’ reports dealing with core service delivery and community mental health over the course of the 2018/19 fiscal year, to identify promising practices. In addition, the Ministry plans to work with the Ministry of Health and Long-Term Care, as well as other ministries and stakeholders to identify priorities such as supporting co-ordinated pathways from schools to child and youth mental health agencies, and to begin work on these pathway priorities in 2018. The Ministry anticipates that by 2020 it will complete work in areas such as sector guidelines on identified pathway priorities.</p> <p>The Ministry is also working with the Ministry of Health and Long-Term Care to support the implementation of 10 demonstration youth wellness hubs. These hubs are walk-in centres where young people aged 12 to 25 can get one-stop access to mental health and addictions services. The hubs also provide primary care, education, and employment and housing services for youth. The Ministry advised us that it is supporting the development of a framework for evaluating this initiative, and the results will be used to inform the Ministry’s plans for creating co-ordinated pathways to services.</p> |

| Committee Recommendation   | Status Details  |
|--|---|
| <p><b>Recommendation 5</b><br/>The Ministry of Children, Community and Social Services should work with lead child and youth mental health agencies in consultation with Children's Mental Health Ontario to ensure that:</p> <ul style="list-style-type: none"> <li>• service delivery policy and program requirements for agencies are clear and well understood by agencies, and that all agencies comply with these policy and program requirements for service delivery;<br/><b>Status: Little or no progress.</b></li> <li>• all agencies have policies in place to guide staff when a client is discharged and needs to transition to another agency or service system, including to adult mental health services;<br/><b>Status: Little or no progress.</b></li> <li>• agencies consistently follow up with children and youth after discharge to assess their status and facilitate access to additional services if needed;<br/><b>Status: Little or no progress.</b></li> <li>• agencies update clients on when they will receive service.<br/><b>Status: Little or no progress.</b></li> </ul> | <p>The Ministry has committed to lead a review of its program guidelines and requirements, leveraging the work and expertise of the Ontario Centre of Excellence for Child and Youth Mental Health to update them to ensure they are interpreted and applied consistently. The Ministry plans to convene a reference group to provide advice on the review by December 2018, and to complete its review and update its program guidelines and requirements by June 2019. Based on the review, the Ministry also plans to develop implementation tools and supports for the agencies over the course of the 2018/19 and 2019/20 fiscal years.</p> <p>As part of its commitment to review its program guidelines and requirements, the Ministry plans to collect information and conduct an analysis of the current state of discharge and transition policies by the end of 2018. Based on this review and analysis, the Ministry plans to update its program guidelines and requirements concerning discharge and transition as needed, and develop implementation tools and supports so that agencies can comply with the requirement to have discharge and transition policies by July 2019.</p> <p>As part of its commitment to review its program guidelines and requirements, the Ministry plans to collect information and conduct an analysis on the current state of discharge protocols by the end of 2018, and to explore the option of adding discharge follow-up as a minimum expectation by February 2019. The Ministry also plans to develop a mechanism to monitor discharge and transition follow-up protocols and corrective actions taken, and to implement an oversight and monitoring framework by July 2019.</p> <p>As part of its commitment to review its program guidelines and requirements, the Ministry plans to collect information and conduct analysis on the current state of agency protocols for updating clients on when they will receive services and the challenges to complying with these protocols by the end of 2018. The Ministry plans to explore the option of prescribing how and when clients waiting for services should be updated by February 2019. In addition, the Ministry plans to incorporate its expectations for agencies to update clients into an applicable framework and to develop a mechanism to monitor compliance with these expectations by July 2019.</p> |

| Committee Recommendation   | Status Details   |
|--|--|
| <p><b>Recommendation 6</b><br/>The Ministry of Children, Community and Social Services should work with lead child and youth mental health agencies in consultation with Children’s Mental Health Ontario to:</p> <ul style="list-style-type: none"> <li>• establish agency-specific targets for wait times, monitor actual wait times against these targets to assess their reasonableness, and follow up with corrective action when wait times are not met;<br/><b>Status: Little or no progress.</b></li> <li>• assess whether periodic quality assurance reviews of agency files can help ensure that children and youth receive appropriate and effective services;<br/><b>Status: Little or no progress.</b></li> <li>• assess whether requiring supervisory approval of key caseworker decisions and documents that guide mental health services can help improve the quality and consistency of services provided;<br/><b>Status: Little or no progress.</b></li> <li>• when assessing agencies’ compliance with service delivery standards, communicate the outcomes of these assessments to all agency staff to help ensure that issues of non-compliance are addressed agency-wide.<br/><b>Status: Little or no progress.</b></li> </ul> | <p>The Ministry has made little progress toward implementing this recommendation. The Ministry’s plans to address this recommendation include analyzing three years of wait-time data in the fall of 2018; developing an approach to assessing variability in wait times in consultation with CMHO; establishing and communicating baseline and acceptable ranges for variability in wait times to child and youth mental health agencies by November 2018; and annually discussing variances in wait times with agencies beginning in the summer of 2019. The Ministry is also planning to use the Business Intelligence solution that it intends to implement at all agencies by April 2020, to capture anonymized client-level data, including more accurate wait-time data. However, the Ministry indicated that it does not expect to have captured sufficient data to establish wait-time targets until 2024.</p> <p>Although the Ministry has not made progress toward implementing this recommendation, its plans to do so include developing a Quality Framework that includes service standards, and developing a mechanism for conducting quality assurance reviews of agency files, and a means of monitoring compliance to this requirement by September 2020. In addition, the Ministry plans to evaluate whether these reviews can help ensure that children and youth receive appropriate and effective services by September 2021.</p> <p>The Ministry has not made progress toward implementing this recommendation. However, its plans to do so include developing a Quality Framework that includes service standards, and developing a mechanism for requiring supervisory approval of key caseworker decisions and auditing files to ensure compliance with this requirement by September 2020. The Ministry also plans to examine the relationship between supervisory approval and the ability to improve quality and consistency of services by September 2021.</p> <p>Although the Ministry has not made any progress toward implementing this recommendation, it advised us that it plans to establish as an expectation that the outcome of assessments of compliance with service standards are communicated to agency staff by September 2020.</p> |

| Committee Recommendation  | Status Details  |
|---|---|
| <p><b>Recommendation 7</b><br/>The Ministry of Children, Community and Social Services should work with lead child and youth mental health agencies in consultation with Children’s Mental Health Ontario:</p> <ul style="list-style-type: none"> <li>to develop caseload guidelines;<br/><b>Status: Little or no progress.</b></li> </ul><br><ul style="list-style-type: none"> <li>ensure that agencies periodically compare themselves against these guidelines in order to help assess the effectiveness and efficiency of their operations.<br/><b>Status: Little or no progress.</b></li> </ul> | <p>Although the Ministry has taken action to address this recommendation, significant work remains outstanding before it is implemented. The Ministry worked with the Ontario Centre of Excellence for Child and Youth Mental Health (Centre) to develop a plan to engage stakeholders to develop recommendations for caseload guidelines, and the Centre subsequently established a working group that it co-chairs with CMHO and includes representation from the child and youth mental health agencies.</p> <p>The Centre and CMHO provided a draft interim report to the Ministry in June 2018 that recommended that caseload guidelines should not be developed; instead, they recommended that workload guidelines should be developed. The Ministry advised us that it remains committed to implementing the recommendation to develop caseload guidelines, and has not made any decisions regarding the recommendations in the interim report. The Ministry expects a final report from the Centre and CMHO in December 2018. The Ministry advised us that it plans to review and analyze the recommendations from the report along with other research and data on caseloads to determine next steps in the development of caseload guidelines.</p> <p>The Ministry advised us that because the processes and tools required for ensuring that agencies are comparing themselves against caseload guidelines are dependent on the development of these guidelines, no progress has been made toward implementing this recommendation.</p> |
| <p><b>Recommendation 8</b><br/>The Ministry of Children, Community and Social Services should work with Children’s Mental Health Ontario, lead child and youth mental health agencies, and Local Health Integration Networks to:</p> <ul style="list-style-type: none"> <li>develop a process for tracking and reviewing client complaints in order to identify trends that may require follow-up and/or corrective action;<br/><b>Status: Little or no progress.</b></li> </ul>  | <p>The Ministry has not made any progress toward implementing this recommendation. The Ministry plans to develop and implement a consultation strategy to collect information on how agencies and Local Health Integration Networks (LHINs) are defining, documenting, tracking and assessing complaints by January 2019. By April 2019, the Ministry plans to establish a working group that includes CMHO, LHIN and lead child and youth mental health agency representatives to develop a common understanding of what constitutes a complaint, and to explore the feasibility of collecting complaint information to identify trends that the Ministry may need to address. Based on the results of this exercise, the Ministry will decide whether to include a process for tracking complaints in its Quality Framework by September 2020.</p>  |

| Committee Recommendation  | Status Details   |
|---|--|
| <ul style="list-style-type: none"> <li>build client experience standards that will measure the service experiences of children, youth, and families; and enable continuous improvement of the client experience.<br/><b>Status: In the process of being implemented by September 2020.</b></li> </ul>   | <p>The Ministry is collecting data related to service experience through its existing performance indicators that measure the proportion of former clients who reported having a positive experience. In addition, the Ministry plans to develop a Quality Framework by September 2020 that will include client-experience standards. The Ministry plans to work with stakeholders and experts to identify additional data that may help measure client experience, and to review client-experience data that is being collected to identify gaps. The Ministry also plans to develop service-experience benchmarks and to develop a mechanism to ensure that client-experience standards are followed.</p>  |
| <p><b>Recommendation 9</b><br/>To ensure that children and youth with mental health needs across the province consistently receive timely and appropriate services, the Ministry of Children, Community and Social Services should:</p> <ul style="list-style-type: none"> <li>implement a funding model that allocates funding to child and youth mental health agencies that is commensurate with the mental health needs of the children and youth they serve;<br/><b>Status: Little or no progress.</b></li> <li>develop and implement a funding model to allocate funding to Indigenous-operated agencies that is commensurate with the mental health needs of the children and youth they serve.<br/><b>Status: Little or no progress.</b></li> </ul> | <p>The Ministry has taken action to address this recommendation. It engaged a consultant and developed a funding model that is intended to allocate funding to agencies based on the needs of the communities they serve. The funding model is designed to allocate 90% of funding to agencies based on the socio-economic factors in the communities they serve, including the child and youth population, the number of lone-parent families, the unemployment rate, education levels, the number of visible minorities, and the number of low-income families. However, the Ministry has not set a timetable to implement the new funding model, and has not determined whether it will use the new model to allocate funding to the agencies.</p> <p>Although the Ministry noted that it is discussing service delivery models and funding approaches with First Nations, Inuit, and Métis partners in the context of holistic services and nation building, it has not yet determined how and when it will implement this recommendation.</p> |
| <p><b>Recommendation 10</b><br/>To ensure that consistent and appropriate services are provided to children and youth across Ontario, the Ministry of Children, Community and Social Services should work with lead child and youth mental health agencies to:</p> <ul style="list-style-type: none"> <li>further define Ministry of Children, Community and Social Services program requirements so that they can be consistently applied across Ontario by all agencies that deliver mental health services;<br/><b>Status: Little or no progress.</b></li> </ul>   | <p>The Ministry has committed to lead a review of its program guidelines and requirements, leveraging the work and expertise of the Ontario Centre of Excellence for Child and Youth Mental Health to update them to ensure they are interpreted and applied consistently. The Ministry plans to convene a reference group to provide advice on the review by December 2018, and to complete its review and update its program guidelines and requirements by June 2019. Based on the review, the Ministry also plans to develop implementation tools and supports for the agencies over the course of the 2018/19 and 2019/20 fiscal years.</p>   |

| Committee Recommendation   | Status Details  |
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| <ul style="list-style-type: none"> <li>implement a process to monitor whether child and youth mental health agencies are delivering mental health services according to Ministry of Children, Community and Social Services requirements;<br/><b>Status: Little or no progress.</b></li> <li>explore opportunities to expedite the creation of clear and coordinated pathways to core mental health services, and services provided by other sectors, so that children and youth are connected with the right service regardless of where they request services.<br/><b>Status: Little or no progress.</b></li> </ul>  | <p>Although the Ministry has not made significant progress toward implementing this recommendation, it plans to conduct an analysis of the current state of agencies' compliance with the Ministry's program guidelines and requirements by the end of 2018. After that, the Ministry plans to develop an oversight and monitoring framework to address identified gaps in agencies' compliance by June 2019, and to implement processes and tools to monitor agencies' performance, and to follow up as required by July 2019.</p> <p>The Ministry's plans to address this recommendation include leveraging lead child and youth mental health agencies' core services delivery and community mental health reports over the course of the 2018/19 fiscal year to identify promising practices. In addition, the Ministry plans to work with the Ministry of Health and Long-Term Care, as well as other ministries and stakeholders to identify priorities such as supporting co-ordinated pathways from schools to child and youth mental health agencies, and to begin work on these pathway priorities in 2018. The Ministry anticipates that by 2020 it will complete its work in areas such as sector guidelines on identified pathway priorities.</p> <p>The Ministry is also working with the Ministry of Health and Long-Term Care to support the implementation of 10 demonstration youth wellness hubs. These hubs are walk-in centres where young people aged 12 to 25 can get one-stop access to mental health and addictions services. The hubs also provide primary care, education, and employment and housing services for youth. The Ministry also advised us that it is supporting the development of a framework for evaluating this initiative, whose results would be used in expediting the creation of clear and co-ordinated pathways to services.</p> |
| <p><b>Recommendation 11</b><br/>To help ensure that the Child and Youth Mental Health program is performing as intended to deliver consistent and effective services to Ontario's children and youth who need it, the Ministry of Children, Community and Social Services should work with Children's Mental Health Ontario, and child and youth mental health agencies, to:</p> <ul style="list-style-type: none"> <li>identify and implement performance indicators and data requirements that are sufficient, consistent, and appropriate to use to periodically assess the performance of the program and the agencies that deliver it;<br/><b>Status: Little or no progress.</b></li> </ul> | <p>The Ministry established a working group in 2017 that included child and youth mental health agencies and the Centre of Excellence for Child and Youth Mental Health to review and provide feedback on its performance indicators. Based on this feedback, it made changes to both the description and method of calculating of some of the indicators. However, the Ministry is still not collecting data on all of its 13 performance indicators and did not have a timeline for doing so. In addition, it has not introduced additional performance indicators to help measure the performance of the mental health program, and it does not expect to complete the implementation of its Business Intelligence (BI) solution at all agencies until April 2020. The BI solution will capture anonymized client-level data, and the Ministry expects that its implementation will enable better analysis of performance data and mental health outcomes. The Ministry noted that based on the data collected using the BI solution, it will refine, augment and change its indicators over time as the system matures.</p>   |

| Committee Recommendation  | Status Details   |
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| <ul style="list-style-type: none"> <li>implement performance indicators that measure the long-term outcomes of children and youth who have accessed mental health services to assist the Ministry of Children, Community and Social Services to measure the effectiveness of the program and inform future policy decisions;<br/><b>Status: Little or no progress.</b></li> </ul> | <p>The Ministry has made little progress toward implementing this recommendation to date. The Ministry indicated that it plans to review and determine long-term outcome indicators and associated data measures, and assess the feasibility and suitability of collecting more detailed outcome data by March 2019.</p>   |
| <ul style="list-style-type: none"> <li>collect data on the number of children and youth with specific mental health concerns that will help inform future policy decisions to better address the needs of children and youth;<br/><b>Status: Little or no progress.</b></li> </ul>  | <p>The Ministry indicated that to address this recommendation, it is going to be working with the Canadian Institute for Health Information (CIHI) to facilitate data collection and reporting on mental health illnesses and disorders from a subset of child and youth mental health agencies. By November 2018, the Ministry plans to assess whether data collected from this subset can be extrapolated and appropriately applied at the provincial level to help inform policy decisions.</p>                         |
| <ul style="list-style-type: none"> <li>set targets for the Ministry of Children, Community and Social Services performance indicators and use the data it collects to identify instances that may require follow-up and/or corrective action;<br/><b>Status: Little or no progress.</b></li> </ul>  | <p>The Ministry indicated that it first plans to fully implement its new Business Intelligence (BI) solution at all agencies by April 2020, and then begin collecting data using this system for three years before establishing targets for its performance indicators in 2024. The Ministry advised us that the BI solution will capture anonymized client-level data that will enable better target setting and analysis of performance data.</p>   |
| <ul style="list-style-type: none"> <li>ensure that publicly reported results on the performance of the Child and Youth Mental Health program provide information that is both accurate and meaningful.<br/><b>Status: Little or no progress.</b></li> </ul>   | <p>The Ministry does not publicly report on its current performance indicators, and has not identified a date by which it will share data publicly. However, it has shared data on its performance indicators from the 2015/16 fiscal year with the Institute for Clinical Evaluative Sciences (ICES). ICES subsequently publicly published <i>The Mental Health of Children and Youth in Ontario: 2017 Scorecard</i> in June 2017. The ICES scorecard included data on some of the Ministry's performance indicators.</p> |

## Chapter 3

Ministry of Training, Colleges and Universities

### Section 3.02

# Employment Ontario

## Standing Committee on Public Accounts Follow-Up on Section 3.04, 2016 Annual Report

The Committee held a public hearing on May 3, 2017, on our 2016 audit of Employment Ontario. The Committee tabled a report on this hearing in the Legislature in December 2017. The report can be found at [www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html](http://www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html).

The Committee made 14 recommendations and asked the then Ministry of Advanced Educa-

tion and Skills Development, currently known as the Ministry of Training, Colleges and Universities (Ministry) to report back by April 2018. The Ministry formally responded to the Committee on April 3, 2018. A number of the issues raised by the Committee were similar to the audit observations in our 2016 audit. The status of the Committee's recommended actions is shown in **Figure 1**.

**Figure 1: Summary Status of Actions Recommended in December 2017 Committee Report**

Prepared by the Office of the Auditor General of Ontario

|                   | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|-------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                   |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1  | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 2  | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 3  | 2                        | 1                             | 1                               |                       |                         |                      |
| Recommendation 4  | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 5  | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 6  | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 7  | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 8  | 4                        | 0.5                           | 2                               | 0.5                   | 1                       |                      |
| Recommendation 9  | 3                        |                               | 3                               |                       |                         |                      |
| Recommendation 10 | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 11 | 3                        |                               |                                 | 3                     |                         |                      |
| Recommendation 12 | 2                        |                               | 1.5                             | 0.5                   |                         |                      |
| Recommendation 13 | 2                        |                               |                                 | 2                     |                         |                      |
| Recommendation 14 | 1                        |                               |                                 |                       |                         | 1                    |
| <b>Total</b>      | <b>24</b>                | <b>1.5</b>                    | <b>11.5</b>                     | <b>9</b>              | <b>1</b>                | <b>1</b>             |
| <b>%</b>          | <b>100</b>               | <b>6</b>                      | <b>48</b>                       | <b>38</b>             | <b>4</b>                | <b>4</b>             |

We conducted assurance work between April 3, 2018 and July 10, 2018, and obtained written representation from the Ministry that, effective October 31, 2018, it has provided us with a complete update of the status of the recommendations made by the Committee in its report.

## Overall Conclusion

At the time of the follow-up, the Ministry had developed Ontario's Apprenticeship strategy in February 2018 and was developing an evaluation framework to develop key performance indicators across all employment and training programs.

As of July 10, 2018, the Ministry has fully implemented or was in the process of implementing 54% of the Committee's recommended actions. Little progress was made on implementing 38% of the committee's recommendations, 4% would not be implemented and 4% are no longer applicable.

Although the Ministry had taken some action on most recommendations, in many cases the work was still at a preliminary stage. For example, more action was needed to minimize the amount

of unrecovered overpayments to Second Career clients; identify common deficiencies among service providers during its monitoring activities and address them system-wide; improve regular monitoring of on-the-job and in-class training provided to apprentices; establish yearly reportable outcome measures for employment and skills development programs; and publicly report information useful to those upgrading their skills or seeking employment.

Also, the Ministry will not be implementing a standard methodology for calculating apprenticeship completion rates across Canada, as other provinces are not in agreement with how it should be measured, and a consensus is needed.

## Detailed Status of Recommendations

**Figure 2** shows the recommendations and the status details that are based on responses from the Ministry, and our review of the information provided.

## Figure 2: Committee Recommendations and Detailed Status of Actions Taken

Prepared by the Office of the Auditor General of Ontario

| Committee Recommendation   | Status Details  |
|--|---|
| <p><b>Recommendation 1</b></p> <p>The Ministry of Advanced Education and Skills Development should establish specific outcome measures and associated targets for each Employment Ontario program, and take corrective action where program outcomes do not meet targets.</p> <p><b>Status: In the process of being implemented by April 2020.</b></p> | <p>The 2016 audit found that the Ministry had not established internal outcome measures for two employment and training programs: Ontario Job Creation Partnership and Ontario Employment Assistance.</p> <p>At the time of this follow-up, the Ministry was integrating and replacing the Ontario Employment Assistance program with the Supported Employment Program, which was introduced in April 2018 as part of the government's employment strategy for people with disabilities. The Ministry established the following employment outcome measures for the Supported Employment Program:</p> <ul style="list-style-type: none"> <li>• 50% of participants achieve a desired employment outcome, which is measured at three months after transitioning to employment; and</li> <li>• 40% of participants achieve a desired employment outcome, which is measured at 12 months after transitioning to employment.</li> </ul> <p>With respect to the Ontario Job Creation Partnership program, the Ministry said it plans to review the Employment Service program's job matching and placement features to potentially apply them to the Job Creation Partnership Program by April 2020.</p> <p>We noted that program outcomes were consistent or slightly better since the 2016 audit for the following programs—Employment Service, Second Career and Targeted Initiatives for Older Workers. As well, all three programs met their respective performance targets regarding effectiveness for 2017/18.</p> <p>The Ministry described actions taken to deal with individual service providers that were not meeting performance targets. In May 2017, the Ministry issued notices to 24 of 28 service providers delivering Employment Service or Literacy and Basic Skills programs that did not meet their 2016/17 performance targets, and requested that they submit action plans to address their performance issues. At the time of this follow-up, two-thirds of the action plans were completed. The Ministry informed us that it would be assessing whether the action plans successfully addressed the initial issues. The Ministry expected to issue notices to service providers that did not meet their 2017/18 performance targets by the end of December 2018. We noted that 24 service providers did not meet their performance targets in 2017/18 and of those, 10 had also not met their targets for the previous year.</p> |
| <p><b>Recommendation 2</b></p> <p>The Ministry of Advanced Education and Skills Development should ensure follow-ups are conducted with Employment Ontario program participants at three, six, and 12 months after receiving services.</p> <p><b>Status: In the process of being implemented by March 2019.</b></p>                                    | <p>At the time of this follow-up, the Ministry was considering various ways of increasing the amount of data it gathers from participants after they complete various Employment Ontario programs. Options being considered included revising contracts with service providers to require them to follow-up with more clients, and outsourcing the follow-ups to various third parties. The Ministry's focus is to increase the response rate from a representative sample of program participants rather than increase the number of participants from whom data is collected.</p> <p>The Ministry is piloting new approaches for following up with participants with a new program called Skills Advance Ontario. The pilot is scheduled for completion in August 2018 and the Ministry expects to fully implement this recommendation by March 2019.</p>   |

| Committee Recommendation   | Status Details   |
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| <p><b>Recommendation 3</b><br/>The Ministry of Advanced Education and Skills Development should:</p> <p>a) establish specific outcome measures and associated targets for each Employment Ontario program, and take corrective action where program outcomes do not meet targets;<br/><b>Status: In the process of being implemented by April 2020.</b></p> <p>b) ensure that funding to service providers reflects the actual level of services provided.<br/><b>Status: Fully implemented.</b></p> | <p>To ensure that funding indicators for the Employment Service program reflect current conditions across the province, the Ministry informed us that it was updating relevant information by using new census data as it is made available.</p> <p>However, the Ministry said it could not use census data released in November 2017 because it was not detailed enough. As a result, in January 2018 the Ministry purchased custom data sets from Statistics Canada that will be available in the 2018/19 fiscal year. The Ministry expects this data to be used for the 2020/21 business plan.</p> <p>For the 2017/18 fiscal year, the Ministry reduced intake targets for certain service providers, which resulted in decreased funding to 32 service providers of the Employment Service program and 53 service providers of the Youth Job Connect program. The reductions were limited to a 10% reduction of intake targets for providers of Employment Service and \$100,000 in funding for each provider of Youth Job Connect.</p> <p>The Ministry said it would also adjust the intake targets and funding amount in the 2018/19 contracts with service providers for the Employment Service program. In addition, to better align service provider funding with the actual number of clients served, the Ministry developed a new evidence-based assessment tool in September 2016 and trained staff on the use of this tool.</p> |
| <p><b>Recommendation 4</b><br/>The Ministry of Advanced Education and Skills Development should assess the advantages of providing funding to clients in advance of getting receipts for only the initial one or two months of instalments, and then require receipts prior to providing funds for remaining instalments.<br/><b>Status: Little or no progress.</b></p>  | <p>In August 2017, the Ministry sent reminders to staff responsible for delivering the Second Career program to use available monitoring tools to minimize the number of overpayments to Second Career clients. All these monitoring tools were available at the time of the 2016 audit.</p> <p>In this follow-up, the Ministry said it consulted with external partners in March 2018 to evaluate the benefits of requiring receipts prior to receiving funding. According to the Ministry, the parties said requiring receipts from clients first would drastically diminish access to Second Career training for Ontario Works recipients, Ontario Disability Support Program recipients and newcomers.</p> <p>The Ministry indicated that it expects to consider our recommendation in September 2018, after it assesses the impact of its monitoring efforts and stakeholder consultations.</p>   |

| Committee Recommendation  | Status Details  |
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| <p><b>Recommendation 5</b></p> <p>The Ministry of Advanced Education and Skills Development should incorporate long-term outcomes of clients' employment or training status into the measure of service provider effectiveness.</p> <p><b>Status: Little or no progress.</b></p>  | <p>In March 2018, the Ministry developed a plan to redesign the Second Career program. This plan included developing longer-term employment and training outcome measures. At the time of this follow-up, the Ministry had not developed a plan to redesign the Employment Service program. Ministry staff informed us that it would wait for an analysis of the redesign of the Second Career program and use that information to guide changes to the Employment Service program.</p>   |
| <p><b>Recommendation 6</b></p> <p>The Ministry of Advanced Education and Skills Development should employ enhanced monitoring methods for all service sites that fail to meet either the minimum provincial quality standard or their targeted service quality scores; and ensure corrective action is taken within established timelines.</p> <p><b>Status: In the process of being implemented by January 2019.</b></p> | <p>In November 2017, the Ministry implemented practices to improve its monitoring of service providers' performance across the province in the Employment Service and Literacy and Basic Skills programs. Enhancements were made to the Ministry's electronic tracking tool used to track service providers who are non-compliant with their contractual obligations. The enhancements include a drop-down menu to identify non-compliance issues; history fields to track action plan completion and revision dates; and action plan follow-up reminders.</p> <p>For the 2017/18 fiscal year, we followed up on all Employment Service provider sites and Literacy and Basic Skills sites that did not meet minimum provincial service quality standards and noted that the Ministry placed all Employment Service sites and 12 of 18 Literacy and Basic Skills sites on directed improvement. This means that they must create an action plan within 10 days of receiving notice and have the plan completed within six months.</p> <p>At the time of this follow-up, the Ministry was developing additional training to help staff better understand the Directed Improvement and Official Review processes and apply them appropriately. This training is expected to be completed by January 2019.</p> <p>As well, the Ministry plans to review the Youth Job Connection program in January 2019 to include it in its enhanced monitoring process.</p> |
| <p><b>Recommendation 7</b></p> <p>During monitoring of service providers, the Ministry of Advanced Education and Skills Development should identify any common deficiencies and address these system-wide.</p> <p><b>Status: Little or no progress.</b></p>   | <p>At the time of this follow-up, the Ministry had analyzed site compliance files from the 2015/16 and 2016/17 fiscal years and had grouped deficiencies into five general categories: file documentation; data integrity; service quality; financial management; and service co-ordination. However, these categories are too broad to identify specific issues common to service providers, which then could be addressed system-wide, such as no justification for client referrals to other services.</p>   |

| Committee Recommendation  | Status Details   |
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| <p><b>Recommendation 8</b><br/>The Ministry of Advanced Education and Skills Development should:</p> <p>a) develop methods to gain more insight into the factors causing apprentices to withdraw from apprenticeships and implement strategies to address these factors;<br/><b>Status: Fully implemented regarding developing methods to gain more insight on factors causing apprentices to withdraw (0.5); Little or no progress regarding developing strategies to address the factors (0.5).</b></p> | <p>Since the audit, the Ministry has taken several steps to better understand factors contributing to apprentices withdrawing from their programs.</p> <ul style="list-style-type: none"> <li>For the 2016/17 academic year, the Ministry expanded the annual Apprenticeship Survey to include seven questions about barriers to completion, difficulties with apprenticeship, and reasons for withdrawal. Respondents were asked to identify the main reason for withdrawing and were given 17 reasons to choose from.</li> <li>In April 2018, the Ministry developed a report to examine current apprenticeship system data and identify clients who fit into one of the three risk criteria. The risk categories are the apprentice has been in the program for more than 12 months beyond standard program duration; the apprentice has not progressed to the next level of in-class training in 18 months; and the apprentice is without a Registered Training Agreement for more than six months.</li> <li>Also in April 2018, the Ministry analyzed data from the Employment Ontario Information System to determine completions by employer and by training delivery agent. By December 2018, the Ministry plans to determine whether there are correlations between in-class training, employer training and apprenticeship completions, and develop recommendations to address these.</li> </ul> <p>In April 2018, the Ministry created a quarterly report that identifies apprentices who fit into one of the three risk criteria discussed above. Regional Ministry staff use this quarterly listing to follow up with either the apprentice, the sponsor, or both within the same quarter. According to the monitoring strategy, follow-up by Ministry staff includes having a discussion with the employer about why or whether they or their apprentice are having difficulty progressing through their apprenticeship program and providing support and making recommendations. Although these are useful measures in supporting individual apprentices who are classified as at-risk, the Ministry has not begun to address the reasons apprentices withdraw from the program on a system-wide basis.</p> |
| <p>b) implement strategies to improve completion rates for apprentices in both compulsory and voluntary trades;<br/><b>Status: In the process of being implemented by September 2018.</b></p>   | <p>The Ministry completed a review in November 2017 of the current completion supports (examination preparation courses, financial incentives, and monitoring strategies) to identify success factors. From this analysis, the Ministry's Ontario Apprenticeship Strategy was released in February 2018. The strategy outlines five main focus areas, one of which is to support and retain apprentices.</p> <p>Examples of actions the Ministry has taken or is planning include making the examination preparation courses in 11 high demand trades mandatory for all students in those trades (January 2017); replacing the Apprenticeship Training Tax Credit with the Graduated Apprenticeship Grant for Employers to encourage employers to help their apprentices complete their training (fall 2018); developing supports to improve matching between apprentices and employers, including a website (September 2018); and updating its apprenticeship sponsor policy to support more participation by small- and medium-sized businesses (September 2018).</p>  |

| Committee Recommendation   | Status Details  |
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| <p>c) evaluate whether it should change the funding allocated to apprenticeship training in voluntary trades;<br/><b>Status: In the process of being implemented by March 2020.</b></p> <p>d) take a leadership role in working with other provinces to develop a standard methodology for calculating apprenticeship completion rates across Canada.<br/><b>Status: Will not be implemented.</b></p>  | <p>During this follow-up, the Ministry said it established an internal working group in May 2018 to review its funding to training agents to provide in-class training in both compulsory and voluntary trades. The review has been organized into three phases. The first two phases began in May 2018. The Ministry expects to implement recommendations resulting from the second phase beginning in fiscal 2019/20. The Ministry expects to implement recommendations resulting from the third phase beginning in fiscal 2020/21.</p> <p>During this follow-up, the Ministry said that one of the challenges to achieving a unified apprentice completion rate across Canada is that Ontario's apprenticeship system is much larger and more complex than the other provinces and territories. According to the Ministry, other jurisdictions across the country have not expressed an interest in revisiting the completion rate methodology work as part of the Canadian Council of Directors of Apprenticeship research agenda at this time, despite Ontario's request to do so. The Ministry informed us that this recommendation cannot be implemented without the consensus of the other provinces.</p>   |
| <p><b>Recommendation 9</b><br/>The Ministry of Advanced Education and Skills Development should:</p> <p>a) evaluate the outcome of expanding the examination preparation course to more high-demand trades and, if positive results are found, further expand it to other compulsory trades;<br/><b>Status: In the process of being implemented by December 2018.</b></p> <p>b) consider making the examination preparation course mandatory for apprentices who have previously failed their trade certificate exam;<br/><b>Status: In the process of being implemented by March 2019.</b></p> <p>c) review and adjust funding for the examination preparation course to ensure it is comparable to rates paid to training delivery agents for regular in-class training courses.<br/><b>Status: In the process of being implemented by April 2019.</b></p> | <p>In February 2018, the Ministry conducted a preliminary analysis of exam pass rates in compulsory versus voluntary trades, and when exam prep courses are provided with in-class training versus stand-alone exam preparation courses. This analysis showed that the pass rate of exam preparation clients in compulsory trades was 16% higher than that in voluntary trades, and the pass rate of combined regular in-class training and exam preparation classes was 5% lower than that of stand-alone exam prep classes.</p> <p>At the time of this follow-up, the Ministry indicated that it was planning to expand the examination preparation course to another one to two trades beginning in October 2018, but had not decided which trades it would be.</p> <p>The Ministry told us that it also expects to work with the Ontario College of Trades to evaluate outcomes of current examination preparation courses in summer 2018. Based on the results of the evaluation, additional course offerings might be provided starting in December 2018.</p> <p>At the time of this follow-up, the Ministry was planning to request data from the Ontario College of Trades, including pass and fail rates of apprentices and those writing trade equivalency exams for the past five years (by person), and how many apprentices wrote the exam each year and how many attempts they made. Based on the results of this collaboration, the Ministry is aiming to have new processes in place by March 2019 to improve access to the exam prep course for apprentices who have previously failed their trade certification exam.</p> <p>In January 2017, the Ministry began requiring training delivery agents who provide final-level in-class training courses for 11 high-demand trades to extend these classes by one week to include five days of exam preparation. As a result, the examination preparation component would be funded at the same daily rate as the regular in-class training. In 2017/18, 85% of exam preparation classes for full-time final-level courses in the 11 high-demand trades were offered combined with the in-class training. The Ministry expects to be funding all exam preparation courses for any trade at the same daily rate as the corresponding regular in-class training by April 2019.</p> |

| Committee Recommendation   | Status Details  |
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| <p><b>Recommendation 10</b></p> <p>The Ministry of Advanced Education and Skills Development should redesign the financial incentives offered to employers in order to encourage both program registration and completion.</p> <p><b>Status: In the process of being implemented by December 2018.</b></p>   | <p>The government is replacing the Apprenticeship Training Tax Credit with the new Graduated Apprenticeship Grant for Employers.</p> <p>Under the Apprenticeship Training Tax Credit, employers could receive a tax credit of up to \$15,000 for each apprentice they hired and trained, with all funds being received within the first 36 months of training. These tax credits will only be available to employers for apprentices already registered in an apprenticeship program on or before November 14, 2017.</p> <p>Under the Graduated Apprenticeship Grant for Employers, employers can receive up to \$16,700 in total grants, portions of which are received at different stages of the apprentice's completion:</p> <ul style="list-style-type: none"> <li>• \$2,500 upon the apprentice's completion of level one and again at level two;</li> <li>• \$3,500 upon the apprentice's completion of level three and again at level four; and</li> <li>• \$4,700 upon the apprentice's certification (either through a certificate of apprenticeship or certificate of qualification if applicable).</li> </ul> <p>An employer can also receive up to an additional \$2,500 when it trains an apprentice from an under-represented group. The Ministry expects these grants to be available to employers for apprentices registration in the fall of 2018 and payments to begin in December 2018.</p> |
| <p><b>Recommendation 11</b></p> <p>The Ministry of Advanced Education and Skills Development should:</p> <p>a) implement policies and guidelines for ongoing monitoring of on-the-job and in-class training of apprentices;<br/><b>Status: Little or no progress.</b></p> <p>b) regularly analyze completion rates by training delivery agents and employers to identify trends and take corrective action;<br/><b>Status: Little or no progress.</b></p> <p>c) identify and address factors that may be preventing apprentices from passing the final qualification exam.<br/><b>Status: Little or no progress.</b></p> | <p>The Ministry stated it expects to consult with the Ontario College of Trades between October 2018 and December 2019 on appropriate approaches to monitor on-the-job and in-class training. At the time of this follow-up, the Ministry said it would be establishing an Employer Monitoring Working Group, and was considering the scope and terms of reference for the group's work.</p> <p>In March 2018, the Ministry generated reports on apprentice completion rates by training delivery agent and by employer, and conducted some preliminary analysis. The Ministry informed us that it would consult with the Ontario College of Trades to develop an appropriate approach to analyze completion rates by training delivery agent and employer. The Ministry also stated that as issues are identified, it would collaborate with the College and training delivery agents to address the issues.</p> <p>The Ministry plans to complete an analysis by October 2018 of correlations between in-class training and successful apprenticeship completions. Based on this analysis, the Ministry stated it will develop recommendations through consultation with the Ontario College of Trades and training delivery agents by March 2019.</p>  |

| Committee Recommendation   | Status Details   |
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| <p><b>Recommendation 12</b><br/>The Ministry of Advanced Education and Skills Development should:</p> <p>a) regularly collect forecast labour force data by region and occupation, factoring in new graduates and migration trends, and use longer projected forecasts (such as 10 years);<br/><b>Status: In the process of being implemented by December 2018.</b></p> <p>b) evaluate the work of the Workforce Planning Boards, and use the findings of the evaluations of the Local Employment Planning Councils pilot project, in informing decision-making, and take corrective action where needed.<br/><b>Status: Little or no progress regarding the 26 local boards (0.5);<br/>In the process of being implemented by fall 2018 for the local employment planning councils (0.5).</b></p> | <p>At the time of the audit, the Ministry was reporting on the likelihood of people finding employment in about 200 occupations every four years. At the time of this follow-up, the Ministry had updated the labour market information on its website to depict job outlooks over a five-year period for 500 jobs. However, the forecast does not factor in new graduates and forecast migration trends, only net new openings and attrition such as through retirements and deaths. New search functionality was also added to the system to allow the user to sort the jobs by annual income, growth rate and number of job openings.</p> <p>The 2016 audit also noted that the Ministry did not have regional information on labour force supply and skills demand. In February 2018, the Ministry obtained preliminary occupational projections for five sub-provincial regions covering Ontario and was assessing that information for suitability. The Ministry said it is working with the Ministry of Finance and the Ministry of Citizenship and Immigration to obtain new sub-provincial occupational projections. The Ministry expects to produce long-term occupational outlooks (10 years) for five regions by December 2018.</p> <p>At the time of this follow-up, the Ministry had no plans to evaluate the activity of the 26 local community-based boards.</p> <p>With respect to the Employment Planning Councils, in January 2017 the councils began reporting labour market information to the Ministry on a quarterly basis. In our follow-up, we found that the Ministry had concerns with the information provided and the councils' ability to build local labour market information capacity. For example:</p> <ul style="list-style-type: none"> <li>• Some reports/products contained limited analysis and interpretation.</li> <li>• A considerable number of reports repackaged Statistics Canada data with little analysis and did not appear to add to the body of evidence on local labour market needs.</li> <li>• Engagement with employers was uneven across the councils. While some councils were relatively strong in engaging employers, in most cases there was limited involvement with employers.</li> <li>• Issues with data collection techniques such as using open-ended survey questions that were difficult to analyze and interpret, and sampling methods and response rates were unclear.</li> </ul> <p>In November 2017, the Ministry engaged a third-party consultant to evaluate the effectiveness of the councils. According to the contract, the evaluation was to be completed by the end of June 2018. At the time of this follow-up, a draft report was not available for our review.</p> |

| Committee Recommendation  | Status Details   |
|---|--|
| <p><b>Recommendation 13</b></p> <p>To assist job-seekers and those considering apprenticeships and/or education for employment purposes, the Ministry of Advanced Education and Skills Development should:</p> <p>a) establish yearly reportable outcome measures for employment and skills development programs;<br/><b>Status: Little or no progress.</b></p> <p>b) publicly report information useful to job-seekers and those seeking skills training, apprenticeships, or upgrading such as the number of Employment Service clients who find employment in (or outside) their fields, or who take further training, as well as apprenticeship pass rates and the percentage of apprentices who find employment in their fields.<br/><b>Status: Little or no progress.</b></p> | <p>At the time of this follow-up, the Ministry informed us that it was developing a monitoring and evaluation framework to develop key performance indicators that would be consistent across all employment and training programs, pilots and system features. The Ministry expected to get approval for the framework in the coming months, at which time it would start to develop a plan but it did not have an expected completion date.</p> <p>In February 2017, the Ministry released the Employment Ontario Geo Hub, providing access to statistics regarding employment services and the apprenticeship program. We reviewed the website during this follow-up and found that the information would not provide a job seeker or apprentice with information outlined in the 2016 audit. For example, with respect to apprenticeships, it provided the number of certificates issued by region and number of new registrations by region and trade. With respect to employment services, the website provided funding, expenditure and performance information by service providers.</p> |
| <p><b>Recommendation 14</b></p> <p>The Ministry of Advanced Education and Skills Development should establish timelines for streamlining and integrating employment and training services offered by Employment Ontario and by the Ministry of Citizenship, Immigration and International Trade.<br/><b>Status: No longer applicable.</b></p>   | <p>On June 29, 2018, the government decided to transfer the immigration training programs from the Ministry of Citizenship, Immigration, and International Trade to the Ministry of Training, Colleges and Universities. However, the Ministry told us it does not consider there to be an overlap in services offered between immigration programs, such as the Ontario Bridge Training projects, and Employment Ontario. The Ministry noted that Ontario Bridge Training projects delivered by the Ministry of Citizenship, Immigration, and International Trade are specialized for specific high-skill occupations for immigrants, whereas Employment Ontario programs target a broader range of generic employment and training needs for clients. Therefore, the Ministry does not plan to integrate the services offered by the two ministries.</p>   |

## Chapter 3

### Section 3.03

Ministry of Health and Long-Term Care

# Large Community Hospital Operations

Standing Committee on Public Accounts Follow-Up on  
Section 3.08, 2016 Annual Report

In April 2017, the Standing Committee on Public Accounts (Committee) held a public hearing on our 2016 audit of Large Community Hospital Operations. The Committee tabled a report in the Legislature resulting from this hearing in February 2018. The report can be found at [www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html](http://www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html).

The Committee made 16 recommendations and asked the Ministry of Health and Long-Term Care (Ministry) and hospitals to report back by June 22, 2018. However, at the time of our follow-up, the Legislative Assembly was dissolved following the provincial election on June 7, 2018. As such, the Committee did not have a membership to accept the responses from the Ministry and hospitals until properly reconstituted after the resumption of the House. The Ministry and hospitals formally responded to the Committee on July 29, 2018. A number of issues raised by the Committee were similar to the observations in our 2016 audit. The status of each of the Committee's recommendations is shown in **Figure 1**.

We conducted assurance work between April 1, 2018, and August 3, 2018, and obtained written representation from the Ministry and hospitals that, effective October 31, 2018, they have provided us with a complete update of the status of the recommendations made by the Committee.

## Overall Conclusion

As of August 3, 2018, 73% of the Committee's recommendations have been fully implemented, a further 21% of the recommendations were in the process of being implemented, and the remaining 6% of recommendations had little or no progress.

## Important Event Following Our 2016 Audit

### Amalgamation of Hospitals

Our 2016 audit focused on three large community hospitals: Trillium Health Partners (Trillium), Windsor Regional Hospital (Windsor), and Rouge Valley Health System (Rouge).

Subsequent to our audit, two sites of Rouge (Centenary site and Ajax/Pickering site) have merged with two other hospitals in response to the recommendations by the Scarborough/West Durham Expert Panel, which reviewed and reported back to the Ministry on how to improve integration and access to acute health care-services. Effective December 1, 2016, Rouge's Centenary site has merged with The Scarborough Hospital to create Scarborough and Rouge Hospital, and Rouge's Ajax/Pickering site has merged with Lakeridge Health.

To ensure completeness of our follow-up work, we assessed the status of actions taken by Rouge based on information provided by both Scarborough and Rouge Hospital (former Rouge's Centenary site) and Lakeridge Health (former Rouge's Ajax/Pickering site).

## Detailed Status of Recommendations

Figure 2 shows the recommendations and the status details that are based on responses from the Ministry, and our review of the information provided.

**Figure 1: Summary Status of Actions Recommended in February 2018 Committee Report**

Prepared by the Office of the Auditor General of Ontario

|                   | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|-------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                   |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1  | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 2  | 4                        | 4                             |                                 |                       |                         |                      |
| Recommendation 3  | 3                        | 1 1/3                         | 1 2/3                           |                       |                         |                      |
| Recommendation 4  | 2                        | 2                             |                                 |                       |                         |                      |
| Recommendation 5  | 1                        | 1/3                           | 2/3                             |                       |                         |                      |
| Recommendation 6  | 3                        | 2                             | 1                               |                       |                         |                      |
| Recommendation 7  | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 8  | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 9  | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 10 | 2                        | 2                             |                                 |                       |                         |                      |
| Recommendation 11 | 3                        | 2 1/3                         | 2/3                             |                       |                         |                      |
| Recommendation 12 | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 13 | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 14 | 2                        | 2                             |                                 |                       |                         |                      |
| Recommendation 15 | 5                        | 4                             | 1                               |                       |                         |                      |
| Recommendation 16 | 3                        | 3                             |                                 |                       |                         |                      |
| <b>Total</b>      | <b>34</b>                | <b>25</b>                     | <b>7</b>                        | <b>2</b>              | <b>0</b>                | <b>0</b>             |
| <b>%</b>          | <b>100</b>               | <b>73</b>                     | <b>21</b>                       | <b>6</b>              | <b>0</b>                | <b>0</b>             |

**Figure 2: Committee Recommendations and Detailed Status of Actions Taken**

Prepared by the Office of the Auditor General of Ontario

| Committee Recommendation  | Status Details   |
|---|--|
| <p><b>Recommendation 1</b></p> <p>The Ministry of Health and Long-Term Care should plan appropriately to ensure that funding to hospitals is timely in order to enable cost effective and efficient operations, and enable hospitals to deliver surgeries when needed.</p> <p><b>Status: Fully implemented.</b></p>   | <p>During our follow-up, we noted that the Ministry had distributed its funding allocations to hospitals early in the fiscal year. The Ministry had also established processes for the hospitals and Local Health Integration Networks (LHINs) to review their current funding and correct any data-quality issues before potential investments are made. In addition, the Ministry has updated the Quality-Based Procedures Volume Management Instructions, which outline the policies under the Ministry's Health System Funding Reform. These instructions provide direction regarding in-year reallocations, and year-end reconciliations and processes for the 2017/18 fiscal year so that LHINs can be flexible in responding to patient needs when managing services in their communities.</p>  |
| <p><b>Recommendation 2</b></p> <p>Ontario hospitals should better ensure timely transfer of patients from the emergency room to an acute-care bed when needed by:</p> <ul style="list-style-type: none"> <li>• monitoring the bed-wait time by acute-care wards on an ongoing (e.g., hourly) basis daily;<br/><b>Status: All three hospitals: Fully implemented.</b></li> <li>• investigating significant delays;<br/><b>Status: All three hospitals: Fully implemented.</b></li> </ul> | <p>During our follow-up, we noted the following actions taken by the hospitals:</p> <p><b>Trillium:</b> It has set up a Capacity Management Dashboard to monitor the length of stay in real-time for all admitted patients in the emergency department.</p> <p><b>Windsor:</b> It has implemented a new bed-allocation model for the Medicine Program as of October 2017 to move patients from the emergency department to the relevant ward quickly. The new model uses a software program to display information such as the number of patients in the emergency department that are waiting for a bed, the length of time patients have been waiting, and a bed-readiness status code of green (less than 30 minutes), yellow (31 to 60 minutes) or red (over 60 minutes).</p> <p><b>Rouge:</b> It has implemented a Daily Access Reporting Tool to provide wait-time data. It has also set up a Patient Flow Team to monitor bed-wait time and ensure timely transfer of patients from the emergency department to an in-patient bed.</p> <p><b>Trillium:</b> It has put Admission Co-ordinators or Patient Care Co-ordinators in place to regularly review all admitted patients who waited in the emergency department longer than the target wait time. It also monitored bed-assignment and patient-in-bed times and contacted specific units when significant delays were identified.</p> <p><b>Windsor:</b> When significant delays occurred, the hospital's Program Director and Command Centre Director reviewed patient charts and provided feedback to the appropriate units. These investigations and recommendations to address delays were discussed with the Patient Flow Team during its weekly meetings.</p> <p><b>Rouge:</b> It has put an Operations Supervisor and a Bed-Allocation Team in place to oversee patient flow in real time and investigate any issues and delays. It has also updated its system for prioritizing patient transport and cleaning processes to prevent significant delays.</p> |

| Committee Recommendation   | Status Details   |
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| <ul style="list-style-type: none"> <li>developing a crisis response system to better handle difficult cases and periods of high volume;<br/><b>Status: All three hospitals: Fully implemented.</b></li> <li>taking corrective actions as necessary.<br/><b>Status: All three hospitals: Fully implemented.</b></li> </ul>  | <p><b>Trillium:</b> It has completed the Capacity Management Processes and Practices framework, which provides guidance for responding to different levels of capacity, raises awareness of patient flow practices across the hospital, and sets expectations in response to patient flow challenges. It has also set up an Overcapacity Leadership Team to improve patient flow. As well, it has implemented a Capacity Management Policy and Procedure, in effect since March 31, 2017, to outline the roles, accountabilities and corporate response to overcapacity.</p> <p><b>Windsor:</b> It has developed a surge plan for overcapacity situations, including opening beds at each site for which it receives no funding from the Ministry.</p> <p><b>Rouge:</b> It has implemented a patient surge policy that is activated when there are more than 10 admitted patients waiting in the emergency department for in-patient beds. It has also set up a centralized staffing system with access to a nursing resource pool to assist with staffing during surge demands.</p> <p><b>Trillium:</b> It has set up an Emergency Operations Centre to manage ongoing capacity pressures and challenges. It has also begun circulating the Capacity and Workforce Management Bi-Weekly Status Report to all clinical vice presidents and members of its Capacity Management and Workforce Planning Taskforce. The status report identifies overcapacity issues and outlines recommendations to improve patient flow by using the Capacity Management Processes and Practices framework. In addition, it established a Surge Planning Task Force to develop a plan for managing the challenges and pressures during the winter holiday period.</p> <p><b>Windsor:</b> It has begun holding daily meetings at every medical or surgical unit, with social workers, nurses and other care providers to identify any issues that need to be escalated to the appropriate departments or senior management. It has also updated care and discharge plans daily to improve patient flow.</p> <p><b>Rouge:</b> It has put a Patient Flow Team in place to ensure timely transfer of patients from the emergency department to an in-patient bed while giving priority to intensive-care unit patients and patients who require urgent surgeries. In April 2017, it also set up a Medical Short Stay Unit for patients expected to be discharged within 48 hours. It was also diverting patients to outpatient clinics (such as fracture clinics) as much as possible.</p> |
| <p><b>Recommendation 3</b><br/>Hospitals should ensure the equitable and timely treatment of patients requiring emergency surgery by:</p> <ul style="list-style-type: none"> <li>regularly tracking, assessing, and reporting on the timeliness of emergency surgeries performed;<br/><b>Status:</b><br/><b>Trillium Health Partners: Fully implemented.</b><br/><b>Windsor Regional Hospital: In the process of being implemented by April 2020.</b><br/><b>Rouge Valley Health System: Fully implemented.</b></li> </ul> | <p>During our follow-up, we noted the following actions taken by the hospitals:</p> <p><b>Trillium:</b> In May 2017, it implemented a tracking tool and guidelines to provide a standardized approach for documenting emergency surgeries. It has also established a committee on perioperative care (care that is given before and after surgery) to monitor and report the information collected by this tool.</p> <p><b>Windsor:</b> Since October 2017, it has reviewed the non-scheduled surgical list daily to prioritize and develop an action plan for emergency surgeries. In April 2018, it initiated further work to confirm the criteria for placing patients on the non-scheduled surgical list and develop an electronic system to track and assess the timeliness of emergency surgeries. It expects to complete this work by April 2020.</p> <p><b>Rouge:</b> In March 2017, it performed an audit to track and assess the timeliness of emergency surgeries. The audit showed that all cases of orthopedic, gynecologic, and plastic and reconstructive surgeries were performed within the targeted time.</p>  |

| Committee Recommendation   | Status Details  |
|--|---|
| <ul style="list-style-type: none"> <li>documenting, analyzing, and reporting on the reasons for delays in performing emergency surgery;<br/> <b>Status:</b><br/> <b>Trillium Health Partners:</b> In the process of being implemented by the end of December 2018.<br/> <b>Windsor Regional Hospital:</b> In the process of being implemented by April 2020.<br/> <b>Rouge Valley Health System:</b> Fully implemented.</li> </ul>   | <p><b>Trillium:</b> In 2017/18, it initiated a project to develop an audit and analysis process regarding delays in performing emergency surgeries. The project is expected to be completed by the end of December 2018.</p> <p><b>Windsor:</b> It was in the process of analyzing delays with the Chief of Anesthesia and the operating room leadership team. In April 2018, it began developing an electronic system to document the reasons for delays in performing emergency surgeries. It expects to complete this work by April 2020.</p> <p><b>Rouge:</b> It has analyzed and identified the top two reasons for delays in emergency surgeries: limited dedicated operating-room time and patient-related factors (for example, a patient needs to receive medication first to be medically stable for the surgery, or a patient is taking blood thinner medication and needs to stop for a few hours before surgery).</p>  |
| <ul style="list-style-type: none"> <li>evaluating whether to dedicate operating-room time for emergency surgeries, and/or take other measures (such as ensuring surgeons who are on call perform only emergency surgeries, as part of their regular planned activity) to reduce the risk that emergency surgery delays result in negative impacts on patient health.<br/> <b>Status:</b><br/> <b>Trillium Health Partners:</b> In the process of being implemented by the end of November 2018.<br/> <b>Windsor Regional Hospital:</b> In the process of being implemented by the end of March 2019.<br/> <b>Rouge Valley Health System:</b> Fully implemented.</li> </ul> | <p><b>Trillium:</b> Its Divisions of Orthopedic Surgery and General Surgery have dedicated weekday operating-room blocks for emergency surgeries related to trauma cases and acute care. It has also engaged an external expert to perform a surgical platform optimization review, which includes analyzing opportunities related to emergency care. The review is expected to be completed in November 2018.</p> <p><b>Windsor:</b> Its Department of Orthopedic Service has dedicated 90 minutes each day to complete non-scheduled emergency surgeries. However, it indicated that significantly more action is still needed to address this recommendation as it is still in the early stages of reviewing wait times for patients requiring emergency surgery. It also informed us that a surgical leadership team, including chiefs and physician leaders of the surgical program, were reviewing two to four years of data to determine the number of surgical beds and operating rooms required for non-scheduled and scheduled emergency surgeries. It expects to dedicate operating-room times for emergency surgeries or take other measures by the end of March 2019.</p> <p><b>Rouge:</b> In May 2017, it started dedicating operating-room time for emergency surgeries. It has also implemented policies for scheduling and booking emergency surgeries, outlining a detailed process for emergency cases that need to be completed during business hours, after-hours and on weekends. These policies allow for bumping into the first available room depending on the urgency of the emergency surgery.</p> |

| Committee Recommendation   | Status Details   |
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| <p><b>Recommendation 4</b></p> <p>The Ministry of Health and Long-Term Care should ensure that patients get urgent elective surgery on a timely basis by:</p> <ul style="list-style-type: none"> <li>reviewing the relationship between the level of funding provided for urgent elective surgeries, the wait-time targets for those surgeries, and the difficulties hospitals are facing achieving those targets within the level of funding provided;<br/><b>Status: Fully implemented.</b></li> <li>using the information from this review to determine future needs for urgent elective surgery so that the risk to patients is addressed and hospitals are able to achieve the Ministry's wait-time targets for urgent elective surgery.<br/><b>Status: Fully implemented.</b></li> </ul> | <p>The Ministry has established processes to engage the LHINs in reviewing wait-time data for key surgical procedures. For example, it established the Orthopaedic Quality Scorecard in 2017 to track and monitor, on a quarterly basis, performance results related to hip and knee replacement surgeries. The Scorecard includes indicators such as average acute length of stay (days) and joint replacement wait time (days), and provides information for the Ministry and LHINs to review the relationship between funding levels and wait times for this type of urgent elective surgery. In much the same way, the Foot and Ankle Dashboard, also established in 2017, tracks performance metrics relating to foot and ankle procedures.</p> <p>The Ministry also reviewed the Cataract Capacity Plan, submitted by the Provincial Vision Task Force (PVTF) in November 2017, to examine the factors, such as funding level, that affect the supply of cataract surgery services and their relationship with wait times. To achieve wait-time targets, the Ministry plans to use the recommendations from the PVTF's Cataract Capacity Plan for future funding decisions with a goal of achieving wait-time targets.</p> <p>The Ministry has used information from the reports mentioned above, such as the Orthopaedic Quality Scorecard and the Cataract Capacity Plan, to determine funding needs and achieve wait-time targets. For example, in December 2017, the Ministry made an additional investment to fund over 160 more hip and knee replacements across the LHINs with the greatest wait-time performance challenges. As mentioned above, the Ministry plans to make future funding decisions for cataract surgery based on recommendations from the Cataract Capacity Plan to target areas of the province with higher needs. The Ministry also plans to continue to work with LHINs to identify hospitals with wait-time challenges and find potential solutions.</p> |
| <p><b>Recommendation 5</b></p> <p>Hospitals should consult with the Ministry of Health and Long-Term Care and the Local Health Integration Networks (LHINs) when necessary to ensure that patients get urgent elective surgeries within wait-time targets by working with surgeons to identify ways to alleviate backlogs.<br/><b>Status:</b></p> <p><b>Trillium Health Partners:</b> In the process of being implemented by the end of March 2021.</p> <p><b>Windsor Regional Hospital:</b> In the process of being implemented by April 2020.</p> <p><b>Rouge Valley Health System:</b> Fully implemented.</p>   | <p>During our follow-up, we noted the following actions taken by the hospitals:</p> <p><b>Trillium:</b> It implemented the Acute Care Surgery model at one of its sites in 2017/18, due to its demonstrated success at implementing it at another site in 2012 to help reduce the competition for operating rooms after hours by moving unplanned general surgery from evenings to daytime hours. It also plans to explore additional opportunities through a broader Operating Room Efficiency Analysis, which is expected to be completed by the end of March 2021.</p> <p><b>Windsor:</b> It indicated that significantly more action is still needed to address this recommendation as it is still in the early stages of reviewing wait times for patients requiring surgery. As mentioned under <b>Recommendation 3</b>, it expects to develop an electronic system for documenting the reasons for delays by April 2020, after which it intends to identify ways to reduce the backlogs or delays for surgery.</p> <p><b>Rouge:</b> It has implemented measures to reduce wait time and alleviate backlogs of urgent elective surgeries. For example, it has set up three Diagnostic Assessment Units (prostate, thyroid and breast) to reduce wait time from referral to diagnosis and surgery. It has also implemented swing rooms (two operating rooms with staggered operation start times and schedules that surgeons can “swing” between as their patients are ready) for orthopedic surgery. These swing rooms reduce the turnaround time of operating rooms and allow surgeons to perform two additional surgeries. In addition, it has put a physician assistant in place to help manage pre- and post-operative care, freeing up orthopedic surgeons to perform surgeries.</p>  |

| Committee Recommendation   | Status Details   |
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| <p><b>Recommendation 6</b><br/>The Ministry of Health and Long-Term Care should work with hospitals to help ensure that both patients and health care providers make informed decisions, and that patients undergo elective surgery within an appropriate timeframe, by:</p> <ul style="list-style-type: none"> <li>implementing a centralized patient referral and assessment system for all types of elective surgeries within each region and between regions;<br/><b>Status: In the process of being implemented by the end of March 2019.</b></li> <li>breaking down the wait-time performance data by urgency level for each type of elective surgery on the Ministry's public website;<br/><b>Status: Fully implemented.</b></li> <li>timely (e.g., monthly) public reporting of the complete wait time for each type of surgery, including the time from the date of referral by primary care providers to the date of a patient's appointment with a specialist.<br/><b>Status: Fully implemented.</b></li> </ul> | <p>During our follow-up, we noted the following actions taken by the Ministry:</p> <p>In December 2017, the Ministry announced an investment of \$37 million over three years to expand the centralized patient referral and assessment system, known as Rapid Access Clinics (RACs), across the province for musculoskeletal care, starting with hip and knee replacement as well as low back pain management over 2017/18 and 2018/19.</p> <p>Some LHINs have started implementing the RACs for hip and knee replacement and for low back pain management. The Ministry expects that all LHINs will implement the RACs by the end of March 2019. Going forward, funding will be provided to test and evaluate the RACs for expansion to other types of surgeries or procedures.</p> <p>The Ministry has introduced a new online tool to help people find wait-time performance data for surgeries and procedures by urgency or priority level across the province. In August 2017, wait-time information has been made available on both Health Quality Ontario's (HQO's) and the Ministry's websites.</p> <p>Wait-time data on the websites are broken down by priority level, which is assigned to each patient based on an assessment performed by clinicians to determine their urgency of care. There are four levels of priority: Priority 1 (Immediate/Emergency), Priority 2 (Urgent), Priority 3 (Semi-urgent) and Priority 4 (Non-urgent). Since patients with emergency conditions (Priority 1) are seen immediately, their wait times are not included in wait-time data. Each priority level of a procedure or surgery (such as cataract surgery, cancer surgery and orthopedic surgery) has an associated wait-time target. The websites show percentage of surgeries at each priority level completed within the associated target.</p> <p>As mentioned above, as of August 2017, the Ministry has publicly reported wait-time performance data for surgical procedures on its and HQO's websites. Such data shows complete wait time by including two components: (1) the time between a referral received from a family physician or nurse practitioner and the patient's first appointment with a surgical specialist; and (2) the time between the decision on a surgery or procedure and the date of the surgery or procedure.</p> |

| Committee Recommendation  | Status Details   |
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| <p><b>Recommendation 7</b></p> <p>The Ministry of Health and Long-Term Care should ensure that patients receive timely elective surgery consultation from a specialist by identifying the reasons why there is a long wait for some specialists and working with the Local Health Integration Networks (LHINs), hospitals, and specialists to improve wait times and access to specialists and specialist services.</p> <p><b>Status: In the process of being implemented by the end of March 2019.</b></p> | <p>As mentioned under <b>Recommendation 6</b>, the Ministry has committed to improve access to specialist services by expanding the centralized patient referral and assessment system, known as Rapid Access Clinics (RACs), for patients who require hip and knee replacement as well as low back pain management. Some LHINs have implemented RACs, through which patients will receive an inter-professional assessment – typically a nurse practitioner, physiotherapist, or chiropractor with advanced skills and training – within four weeks of the referral and a determination will be made whether a surgical consultation is needed. Patients who do not require a surgery will be provided with non-surgical recommendations. The Ministry expects that all LHINs will implement the RACs by the end of March 2019.</p> <p>As well, the Ministry indicated that the RAC will be implemented based on the existing evidence-based models that have been proven to provide benefits to patients. These models include the Central Intake and Assessment Centre (CIAC) model and the Inter-professional Spine Assessment and Education Clinic (ISAEC) model. These models help patients who need surgery get faster access to surgical consultations and help develop self-management care plans for those who do not need surgery. The CIAC model, for example, has reduced wait times for hip and knee replacement in the Champlain LHIN by 90% by distributing patients across all surgeons' waiting lists.</p> |
| <p><b>Recommendation 8</b></p> <p>The Ministry of Health and Long-Term Care should disseminate the report, “Association of delay of urgent or emergency surgery with mortality and use of health care resources: a propensity score-matched observational cohort study” (<i>Canadian Medical Association Journal</i>, July 10, 2017), to hospitals for their consideration.</p> <p><b>Status: In the process of being implemented by September 2018.</b></p>  | <p>The Ministry informed us that communications of this nature are best delivered through the Ontario Hospital Association (OHA). The Ministry also indicated its Health System Quality and Funding Division will work with the OHA to disseminate this report to member hospitals by September 2018.</p>  |

| Committee Recommendation   | Status Details  |
|--|---|
| <p><b>Recommendation 9</b></p> <p>The Standing Committee on Public Accounts recommends that the Ministry of Health and Long-Term Care should ensure the safety of surgical patients by working with hospitals to ensure that hospitals regularly monitor and report on patient incident occurrences and take corrective actions as necessary.</p> <p><b>Status: Fully implemented.</b></p>   | <p>The Ministry has worked with hospitals to ensure that hospitals regularly monitor patient incident occurrences and take corrective actions as necessary. For example:</p> <ul style="list-style-type: none"> <li>• The Ministry began funding the Ontario Surgical Quality Improvement Network (ON-SQIN), which brings together surgical teams from hospitals to assess clinical data, identify areas of focus in surgical safety and patient outcomes, and share ideas and practices. As of June 1, 2018, 46 Ontario hospitals have participated in the ON-SQIN, which has tracked and assessed 14 indicators from a patient's pre-surgery period to 30 days post-surgery, while adjusting the data for age and pre-existing illness to ensure comparability of findings. Examples of indicators include unplanned intubations, urinary tract infections, surgical site infections, sepsis, and venous thromboembolism.</li> <li>• The <i>Quality of Care Information Protection Act</i> (QCIPA), originally enacted in 2004, was amended and replaced by the QCIPA 2016, which came into force on July 1, 2017. The QCIPA 2016 increases transparency by affirming the rights of patients to access information about their own health care and clarifying that facts about critical incidents cannot be withheld from patients and their families.</li> <li>• The Ministry has continued to require all Ontario hospitals to report critical incidents relating to medication or intravenous fluids through the National System for Incident Reporting, a web-based tool that allows users to report, analyze and share information on patient safety incidents.</li> </ul> |
| <p><b>Recommendation 10</b></p> <p>The Ministry of Health and Long-Term Care should make optimal use of health care resources for patients requiring hospital care and for those requiring long-term care by:</p> <ul style="list-style-type: none"> <li>• ensuring that alternate level-of-care patients waiting in hospital are safe and receive the restorative and transitional care they need while they wait;</li> </ul> <p><b>Status: Fully implemented.</b></p> <ul style="list-style-type: none"> <li>• conducting capacity-planning for senior care and addressing bed shortages, if any, in long-term care homes.</li> </ul> <p><b>Status: Fully implemented.</b></p> | <p>During our follow-up, we noted the following actions taken by the Ministry:</p> <p>The Ministry has allocated about \$40 million to the LHINs to support over 40 pilot projects and initiatives related to Assess and Restore interventions, which are short-term rehabilitative and restorative care services provided in the community to people who have experienced a reversible loss of their functional ability. At the time of our follow-up, services have been provided to about 28,000 seniors and training has been provided to over 2,000 clinicians. The hospitals and LHINs have reported improved access and patient flow from acute to sub-acute and rehabilitative beds, reduced length of stay at hospitals, and earlier discharge with the enhancement of in-home restorative services.</p> <p>The Ministry has conducted capacity-planning for senior care and addressed bed shortages. In October 2017, the Ministry announced an investment of over 2,000 additional hospital beds to reduce wait times in hospitals. The Ministry has also worked with the LHINs and health service providers to enhance and expand supports available in the community. This partnership created about 600 transitional care spaces and 200 supportive housing units in 2017/2018 to assist patients transitioning out of hospitals and back to their own homes or in the community. To further increase the capacity of community care, the Ministry will be investing an additional \$187 million in 2018/19.</p>  |

| Committee Recommendation  | Status Details  |
|---|---|
| <p><b>Recommendation 11</b></p> <p>The hospitals should help reduce the time that hospital patients must wait for beds after admission by:</p> <ul style="list-style-type: none"> <li>conducting a cost/benefit analysis in adopting more efficient bed-management systems that provide real-time information about the status of hospital beds, including those occupied, awaiting cleaning, or available for a new patient, as well as the number of patients waiting for each type of bed in each acute-care ward;</li> </ul> <p><b>Status:</b></p> <p><b>Trillium Health Partners:</b> In the process of being implemented by the end of March 2019.</p> <p><b>Windsor Regional Hospital:</b> Fully implemented.</p> <p><b>Rouge Valley Health System:</b> Fully implemented.</p><br><ul style="list-style-type: none"> <li>reviewing the times and days of the week where patients are waiting excessively at admission and discharge, and making necessary adjustments to allow sufficient time for beds to be prepared for new admissions, especially those patients arriving at peak times;</li> </ul> <p><b>Status:</b></p> <p><b>Trillium Health Partners:</b> In the process of being implemented by the end of March 2019.</p> <p><b>Windsor Regional Hospital:</b> Fully implemented.</p> <p><b>Rouge Valley Health System:</b> Fully implemented.</p> | <p>During our follow-up, we noted the following actions taken by the hospitals:</p> <p><b>Trillium:</b> Its 2017/18 capital allocations included up to \$2 million for a bed-management system to improve patient flow and capacity management. The hospital was planning for next steps at the time of our follow-up. In June 2018, it engaged an external expert to review the current state of bed management, conduct a cost-benefit analysis, and recommend improvements. The cost/benefit analysis has been drafted and will be issued by the end of March 2019.</p> <p><b>Windsor:</b> As mentioned under <b>Recommendation 2</b>, it has implemented a new bed-allocation model for the Medicine Program, as of October 2017, to move patients from the emergency department to the relevant ward quickly after admission. The new model uses a software program to display information about the status of hospital beds, such as the number of patients in the emergency department waiting for a bed, the length of time patients have been waiting, and bed-readiness status code of green (less than 30 minutes), yellow (31 to 60 minutes) or red (over 60 minutes).</p> <p><b>Rouge:</b> Rouge’s Centenary site (now Scarborough and Rouge Hospital) did not consider a cost-benefit analysis for a bed-management system because the merger of this site and The Scarborough Hospital provided the opportunity to leverage the existing systems at both hospitals. As a result, it has developed a Demand Capacity Board to supplement the existing bed-management system and improve the performance and accuracy of a web portal to view patient flow status. Rouge’s Ajax/Pickering site (now Lakeridge Hospital) has developed the Bed Management Tool, an automated information system that tracks patient flow in real time.</p> <p><b>Trillium:</b> Its Corporate Services has developed a plan for optimizing housekeeping activities to improve patient flow and allow sufficient time for beds to be prepared for new admissions. It has also addressed this recommendation through other initiatives such as the Capacity Management Processes and Practices framework and the Overcapacity Leadership Team as mentioned under <b>Recommendation 2</b>, and a cost-benefit analysis on bed management solution options as mentioned above. The cost-benefit analysis has been drafted and will be issued by the end of March 2019.</p> <p><b>Windsor:</b> As mentioned under <b>Recommendation 2</b> and above, it has implemented a new bed-allocation model for the Medicine Program, as of October 2017, to move patients from the emergency department to the relevant ward quickly. The new model includes the use of assessment bays (where doctors can expedite diagnostic tests for patients, confirm their diagnosis, and establish an expected day of discharge).</p> <p><b>Rouge:</b> It has established an Efficient Patient Flow Working Group, which has launched the following initiatives: revising the Bed Management and Surge Policy; streamlining daily bed-management meetings; and producing a daily Expected Date of Discharge report to help improve patient flow.</p> |

| Committee Recommendation   | Status Details   |
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| <ul style="list-style-type: none"> <li>ensuring that a sufficient number of housekeeping staff are on duty to clean recently vacated rooms and beds on a timely basis, and that the order of cleaning is prioritized based on the types of beds most in demand.</li> </ul> <p><b>Status: All three hospitals: Fully implemented.</b></p>   | <p><b>Trillium:</b> It completed a staffing analysis and implemented new staffing schedules in September 2017 to push start times for housekeeping staff later to cover times of higher housekeeping needs. It has added two five-hour shifts (ending at 11 p.m.) and three overnight shifts (ending at 7 a.m.) to address housekeeping needs later in the evenings. It has also set a target cleaning turnaround time of 45 minutes, which it monitors daily. It will continue to monitor discharge data and staffing schedules to ensure there is sufficient staff on hand to properly accommodate cleaning workloads.</p> <p><b>Windsor:</b> It has restructured its cleaning staff, resulting in an increase of housekeeping staff available from 12 p.m. to 8 p.m. and from 11 p.m. to 7 a.m. to assist with discharge cleaning on afternoons and overnight. It has also changed its cleaning process so that the supervisor now assigns a housekeeper the task of cleaning a bed at the same time as assigning a porter the task of moving a patient out of the bed. This has saved 20 minutes in the cleaning process and improved housekeeping efficiency.</p> <p><b>Rouge:</b> It has implemented a Priority Task System to identify and clean beds based on priority of patients. It has also implemented a Flow Focused Model by moving routine tasks (such as regular cleaning) to the end of day to reduce any duplication of efforts and better align available staffing with demand. In addition, it has implemented a surge-escalation plan to ensure that staffing is increased ahead of an anticipated increase in demand.</p> |
| <p><b>Recommendation 12</b></p> <p>The Ministry of Health and Long-Term Care should ensure that hospitals, in conjunction with physicians, focus on making the best decisions for the evolving needs of patients, by reviewing the physician appointment and appeal process for hospitals and physicians under the <i>Public Hospitals Act</i>.</p> <p><b>Status: Little or no progress.</b></p> | <p>The Ministry indicated its commitment to develop a process to address this issue. The Ministry will consider this issue once it settles negotiations on the Physician Services Agreement between the provincial government and the Ontario Medical Association.</p>   |
| <p><b>Recommendation 13</b></p> <p>The Ministry of Health and Long-Term Care should ensure that hospitals are able to make the best decisions in response to the changing needs of patients by assessing the long-term value of hospitals employing physicians as hospital staff, and report on their progress in addressing this issue.</p> <p><b>Status: Little or no progress.</b></p>        | <p>The Ministry indicated its commitment to develop a process to address this issue. The Ministry will consider this issue once it settles negotiations on the Physician Services Agreement between the provincial government and the Ontario Medical Association.</p>   |

| Committee Recommendation   | Status Details   |
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| <p><b>Recommendation 14</b><br/>The hospitals should ensure better use of hospital resources for nursing care by:</p> <ul style="list-style-type: none"> <li>assessing the need for implementing a more efficient scheduling system, such as a hospital-wide information system that centralizes the scheduling of nurses based on patient needs;<br/><b>Status: All three hospitals: Fully implemented.</b></li> <li>more robustly tracking and analyzing nurse overtime and sick leave; conducting thorough cost/benefit studies to inform decision-making on the use of different types of nursing staff without overreliance on agency nurses to fill in shortages; and reporting on their findings.<br/><b>Status: All three hospitals: Fully implemented.</b></li> </ul> | <p>During our follow-up, we noted the following actions taken by the hospitals:</p> <p><b>Trillium:</b> It has assessed the need for implementing a more efficient scheduling system and plans to enhance its Human Resources Information System with a system that provides more advanced functionality to support scheduling and proactive workforce planning or monitoring. It has developed requirements for the new system but has not yet determined the timing of implementation.</p> <p><b>Windsor:</b> It has assessed the need for a more efficient scheduling system and implemented a scheduling program and a daily, shift-by-shift acuity tracker that manages its nursing levels based on patient needs.</p> <p><b>Rouge:</b> It has assessed the need for a more efficient scheduling system and implemented an electronic scheduling system. It has also improved the system’s communication capabilities by including a Shift Broadcast Notification feature that allows staff to send mass text messages to all units or departments. In addition, it has introduced a centralized staffing office model that allows all departments to review available staff resources in different areas to help fulfill scheduling needs.</p> <p><b>Trillium:</b> It has implemented additional due diligence for using overtime and agency nurses by requiring formal approval by Director. It has also begun issuing weekly reports to managers on overtime, sick leave and the use of agency nurses. In addition, it has examined nursing staffing ratios for all clinical areas, which are in line with the staffing ratios of peer hospitals.</p> <p><b>Windsor:</b> It has engaged an external expert to review the staffing mix across all its patient care areas. It has also benchmarked its cost performance to peer hospitals and plans to review this annually. As part of this benchmarking, it has reviewed and analyzed its staffing mix, sick time and overtime. It does not use any agency nurses.</p> <p><b>Rouge:</b> It has developed a quarterly scorecard for a senior management team to review the use of overtime, sick leave and agency nurses. It also requires approval by Director or Vice President for the use overtime and agency nurses. As well, it has used the Registered Nurse/Registered Practical Nurse Utilization Tool kit and the Patient Care Needs Assessment Tool to analyze the nursing care needs at an in-patient unit.</p> |

## Committee Recommendation

## Status Details

**Recommendation 15**

The hospitals should ensure the safety of patients and safeguard their personal health information through establishing effective processes to:

- perform criminal record checks before hiring new employees, and periodically update checks for existing staff, especially those who work with children and vulnerable patients;

**Status:**

**Trillium Health Partners:** In the process of being implemented by December 2019.

**Windsor Regional Hospital:** Fully implemented.

**Rouge Valley Health System:** Fully implemented.

- deactivate access to all hospital information systems for anyone no longer employed by the hospital immediately after the employment ends;

**Status:** All three hospitals: Fully implemented.

- where appropriate, implement adequate automatic logout functions for computers and any information systems containing patient information;

**Status:**

**Trillium Health Partners:** Fully implemented.

**Windsor Regional Hospital:** In the process of being implemented by December 2018.

**Rouge Valley Health System:** Fully implemented.

During our follow-up, we noted that the Ontario Hospital Association produced a document in July 2017 to guide hospitals when developing a criminal reference check program or enhancing an existing program. We also noted the following actions taken by the hospitals:

**Trillium:** It has developed a Criminal Reference Check Project Plan to perform criminal record checks on new hires and current employees. At the time of our follow-up, internal policy development was under way to support the phased implementation of criminal record checks by the end of December 2019.

**Windsor:** It has implemented criminal record checks for all new employees, volunteers and professional staff. It also requires all existing employees to provide updated information if they have been subject to criminal charges or convictions after initial employment criminal checks.

**Rouge:** It has implemented a Criminal Background Checks Policy, effective January 1, 2017, that requires satisfactory background checks for all board members, employees, physicians and volunteers. The Policy also requires all existing members of the workforce and contractors to submit a self-reporting form within two weeks of being formally charged with, or found guilty of, a criminal offence in any jurisdiction.

**Trillium:** It has conducted a monthly audit to reconcile system accounts against individuals who have left the hospital to ensure that those accounts are closed. Its Human Resources and IT staff have also worked with managers to reduce the time between employee termination date and notification to Human Resources.

**Windsor:** It has implemented a new process, called Active Directory Automation, through which any staff terminations made by its Human Resources department will automatically create a ticket to notify system managers. In addition, it has performed quarterly audits to validate if terminations have been completed.

**Rouge:** It has developed a Service Access Request form to handle all staff terminations and deactivate terminated staff access to all hospital information. As a safeguard, its Human Resources department also sends a bi-weekly termination list to the IT team to ensure that all systems have been updated.

**Trillium:** It has implemented automatic logout after 30 minutes.

**Windsor:** It was in the process of implementing a four-hour timeout process, which is expected to be completed by December 2018.

**Rouge:** It has implemented automatic logout functions at two levels: 1) operating system, which is set to log out 30 minutes for most workstations; and 2) application, which varies according to the functionality offered by each vendor.

| Committee Recommendation   | Status Details  |
|--|---|
| <ul style="list-style-type: none"> <li>encrypt all portable devices, such as laptops and USB keys, used by hospital staff to access patient information;<br/><b>Status: All three hospitals: Fully implemented.</b></li> <li>assess the feasibility and practicality of replacing portable information devices such as USB keys and portable drives with such technologies as cloud computing and its equivalents to enhance information security.<br/><b>Status:</b><br/><b>Trillium Health Partners: Fully implemented.</b><br/><b>Windsor Regional Hospital: Fully implemented.</b><br/><b>Rouge Valley Health System: In the process of being implemented by December 2018.</b></li> </ul> | <p><b>Trillium:</b> It had already encrypted all its portable devices, including the USB keys, at the time of our 2016 audit, and has continued to do so.</p> <p><b>Windsor:</b> It completed its encryption policies in May 2018 and has encrypted all portable devices, including USB keys.</p> <p><b>Rouge:</b> It enforces encryption of all hospital-provided devices, including portable devices such as mobile phones, laptops, notebooks and USB keys.</p> <p><b>Trillium:</b> It has assessed the feasibility of replacing portable devices with cloud computing and decided to use only encrypted USB and portable storage devices as these methods are more secure than cloud-based services.</p> <p><b>Windsor:</b> It has assessed the feasibility and practicality of replacing portable devices with cloud computing to enhance information security. For example, it has used SharePoint in the cloud to securely share and retain documentation.</p> <p><b>Rouge:</b> Rouge’s Centenary site (now Scarborough and Rouge Hospital) has obtained access to the OneDrive secure network folder technology. The corporate-wide rollout is expected to be implemented by December 2018. Rouge’s Ajax/Pickering site (now Lakeridge Hospital), was in the planning stages for a cloud-based strategy for file-sharing and collaboration, which it expects to implement by December 2018.</p> |
| <p><b>Recommendation 16</b><br/>The hospitals should ensure medical equipment functions properly when needed, and that both patients and health care workers are safe when equipment is in use, by:</p> <ul style="list-style-type: none"> <li>maintaining a complete inventory of medical equipment, with accurate and up-to-date information on all equipment that requires ongoing preventive maintenance;<br/><b>Status: All three hospitals: Fully implemented.</b></li> </ul>  | <p>During our follow-up, we noted the following actions taken by the hospitals:</p> <p><b>Trillium:</b> It has completed an inventory update by walking through every patient room and department to ensure that all medical devices have been entered into the database. It has introduced a new policy and procedures for inspecting and entering medical devices into the database, and retiring medical devices from the database when they are no longer in the hospital.</p> <p><b>Windsor:</b> It has maintained a complete inventory of medical equipment by conducting an annual review of inventory during capital planning. During the annual review, the Biomedical Engineering Manager meets with the manager of each patient care area and reviews the inventory items. Inventory data is then updated in the Biomed Database System.</p> <p><b>Rouge:</b> It has maintained a complete inventory of medical equipment and included such information in the Biomedical Engineering’s Computerized Maintenance Management System database. It has also performed a review of the equipment maintenance management plan to ensure accurate and up-to-date information on all equipment.</p>   |

## Committee Recommendation

## Status Details

- performing preventive and functional maintenance according to manufacturers' or other established specifications, and monitoring maintenance work to ensure that it is being completed properly and on a timely basis;  
**Status: All three hospitals: Fully implemented.**

**Trillium:** It has a preventive maintenance program in place for all critical medical devices based on manufacturer recommendations and best practices. It has performed annual audits to ensure that preventive maintenance has been completed on time. The latest audit was completed in November 2017.

**Windsor:** Its preventive maintenance is scheduled on a medical device once it is received. A checklist is created that highlights all the tests outlined in the service manual. These tests are then checked off during each preventive maintenance. If there is a failure during preventive maintenance, corrective work is completed and another preventive maintenance is performed to ensure the medical device passes. The Biomedical Engineering Manager has daily meetings with the Lead Biomed to determine preventive maintenance compliance, shortfalls and/or challenges. A weekly automated preventive maintenance compliance report is generated and reviewed by the Biomedical Engineering Manager to ensure timelines are being met.

**Rouge:** For Rouge's Centenary site (now Scarborough and Rouge Hospital), it has assigned a preventive maintenance strategy and schedule to each classification of device and recorded the schedule in a database to monitor inspection progress. The frequency of inspections is determined based on manufacturers' recommendations and other factors such as risk levels, industry standards, utilization, history and past experiences. Preventive maintenance work orders are automatically generated at the beginning of the month by the database and inspection results are recorded in the database. For Rouge's Ajax/Pickering site (now Lakeridge Hospital), its Clinical Engineering department has performed preventive maintenance on all medical equipment. During its merger with Lakeridge Hospital, an audit of all medical equipment was performed where asset numbers were assigned and preventive maintenance schedules were set up based on manufacturers' recommendations (every six months or 12 months) to create a new database for routine and scheduled preventive maintenance.

- monitoring the performance of preventive maintenance staff to ensure equipment is being maintained in accordance with appropriate scheduling.  
**Status: All three hospitals: Fully implemented.**

**Trillium:** For biomedical equipment, it has reported, on a quarterly basis, the completion rate of preventive maintenance based on equipment risk classification. For facilities assets, it has reported the preventive maintenance completion rate monthly.

**Windsor:** It has performed routine semi-annual audits and annual performance reviews to monitor the biomedical engineering technicians who perform preventive maintenance. It has reviewed completed work orders monthly to ensure that each technician has followed manufacturer specifications and completed preventive maintenance as outlined in the service manual. As mentioned above, the Biomedical Engineering Manager has daily meetings with the Lead Biomed to determine preventive maintenance compliance, shortfalls and/or challenges. The Biomedical Engineering Manager generates and reviews a weekly automated preventive maintenance compliance report to ensure timelines are being met. In addition, the Manager generates a monthly metrics report, which outlines preventive maintenance compliance percentages and other key performance indicators, and shares it with Directors to check the status of preventive maintenance compliance and address challenges.

**Rouge:** Rouge's Centenary site (now Scarborough and Rouge Hospital) has maintained inspection schedules and results in a database to monitor the progress and performance of inspection staff. It also affixes a yellow sticker on all medical equipment to indicate that it has undergone planned inspection and to show the next inspection date. Items that cannot be found are referred to clinical staff for help to locate them. Rouge's Ajax/Pickering site (now Lakeridge Hospital) has implemented a new Preventive Maintenance System to monitor maintenance schedule and staff performance. It has also assigned a manager to review outstanding maintenance work monthly.

## Chapter 3

### Section 3.04

Ministry of Health and Long-Term Care

# Long-Term-Care Home Quality Inspection Program

Standing Committee on Public Accounts Follow-Up on Section 3.09, 2015 Annual Report

In October 2016, the Standing Committee on Public Accounts (Committee) held a public hearing on our 2015 audit of the Long-Term-Care Home Quality Inspection Program (Program). The Committee tabled a report in the Legislature resulting from this hearing in May 2017. The report can be found at [www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html](http://www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html).

The Committee made 11 recommendations and asked the Ministry of Health and Long-Term Care (Ministry) to report back by the end of September 2017. The Ministry formally responded to the Com-

mittee on September 25, 2017. A number of issues raised by the Committee were similar to the audit observations in our 2015 audit, which we followed up on in 2017. The status of each of the Committee's recommended actions is shown in **Figure 1**.

We conducted assurance work between April 2, 2018, and June 29, 2018, and obtained written representation from the Ministry of Health and Long-Term Care that, effective October 31, 2018, it has provided us with a complete update of the status of the recommendations made by the Committee.

**Figure 1: Summary Status of Actions Recommended in May 2017 Committee Report**

Prepared by the Office of the Auditor General of Ontario

|                   | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|-------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                   |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1  | 2                        |                               | 2                               |                       |                         |                      |
| Recommendation 2  | 3                        | 3                             |                                 |                       |                         |                      |
| Recommendation 3  | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 4  | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 5  | 2                        | 2                             |                                 |                       |                         |                      |
| Recommendation 6  | 2                        | 1                             | 1                               |                       |                         |                      |
| Recommendation 7  | 2                        |                               | 2                               |                       |                         |                      |
| Recommendation 8  | 5                        | 2                             | 3                               |                       |                         |                      |
| Recommendation 9  | 2                        |                               | 2                               |                       |                         |                      |
| Recommendation 10 | 4                        | 2                             | 2                               |                       |                         |                      |
| Recommendation 11 | 1                        |                               | 1                               |                       |                         |                      |
| <b>Total</b>      | <b>25</b>                | <b>12</b>                     | <b>13</b>                       | <b>0</b>              | <b>0</b>                | <b>0</b>             |
| <b>%</b>          | <b>100</b>               | <b>48</b>                     | <b>52</b>                       | <b>0</b>              | <b>0</b>                | <b>0</b>             |

## Overall Conclusion

As of June 29, 2018, the Ministry had fully implemented 48% of the Committee's recommendations, and was in the process of implementing the remaining 52% of the recommendations. For example, the Ministry had fully implemented recommendations relating to areas such as consolidating past inspection data to determine a timetable for comprehensive inspections, and establishing formal targets for a number of its internal policies and procedures. The Ministry was in the process of implementing recommendations relating to areas such as improving the clarity of its inspection

reports, and developing a reporting strategy that allows the public to compare and rank homes' level of compliance and other quality-of-care indicators. The Ministry has confirmed that it will pursue these recommendations.

## Detailed Status of Recommendations

**Figure 2** shows the recommendations and the status details that are based on responses from the Ministry, and our review of the information provided.

**Figure 2: Committee Recommendations and Detailed Status of Actions Taken**

Prepared by the Office of the Auditor General of Ontario

| Committee Recommendation  | Status Details   |
|---|--|
| <p><b>Recommendation 1</b><br/>The Ministry of Health and Long-Term Care:</p> <ul style="list-style-type: none"> <li>develop a resource plan to ensure consistent distribution of resources province-wide, and regularly monitor and evaluate the actual performance of the Long-Term Care Homes Quality Inspection Program to determine if further action is required;</li> </ul> <p><b>Status: In the process of being implemented by March 2019.</b></p> | <p>At the time of our follow-up, the Ministry completed the recruitment for all positions recommended through the work of its organizational review and development of its resource plan. As well, the Ministry expanded the number of regional offices from five to seven in order to better distribute inspector resources. In addition, the Ministry has developed a number of management reports that are used by regional offices to track their performance. Management reports, which include statistics on inspection timeliness and inspector workload, are reviewed every month by management at regional offices. The Ministry targets development of a process to regularly monitor and evaluate the resource plan against actual performance by March 2019.</p> |

| Committee Recommendation  | Status Details  |
|---|---|
| <ul style="list-style-type: none"> <li>ensure that complaints and critical incidents are addressed within timeline benchmarks.<br/><b>Status:</b> In the process of being implemented by March 2019.</li> </ul>   | <p>In 2017, the Ministry updated its complaint and critical incident policies with formal targets for when inspections must be conducted. The targets are:</p> <ul style="list-style-type: none"> <li>High-risk complaints and critical incidents, which result in immediate jeopardy or risk to the patient, are still required to have an immediate inspection.</li> <li>Medium-risk complaints and critical incidents are assessed on how much harm or risk there is to the patient. If assessed as resulting in significant actual harm or risk to the patient, the complaint or critical incident must be inspected within 30 business days. Alternatively, if the actual harm or risk to the patient is more than minimal, but below significant, the complaint and critical incident must be inspected within 60 business days.</li> <li>Low-risk complaints and critical incidents, which pose minimal harm or risk to the patient, must now receive an inquiry within 90 business days—an improvement over the Ministry’s previous informal target of 120 business days.</li> </ul> <p>In 2017, the Ministry completed 46% of required complaint inspections by the target due date, which is no different from its performance in 2016. In 2017, the Ministry completed 38% of required critical incident inspections by the target due date, which is only slightly better than its performance in 2016 of 35%. Almost all of the complaints and critical incidents that were not inspected by the target due date had been assessed as medium-risk, with the actual harm or risk to the patient below significant. As the Ministry shifted to a risk-based approach and prioritized its resources to higher-risk issues, it performed better in inspecting high-risk complaints and critical incidents: over 80% were inspected by the target due date in 2017. While the Ministry intends on meeting its benchmark for high-risk complaints and critical incidents in all cases, it is in the process of re-evaluating its benchmarks by setting a percentage of cases to be completed within the targeted timelines for medium- and low-risk complaints and critical incidents by March 2019.</p> |
| <p><b>Recommendation 2</b><br/>The Ministry of Health and Long-Term Care:</p> <ul style="list-style-type: none"> <li>ensure that all inspections are tracked and monitored for timeliness;<br/><b>Status:</b> Fully implemented.</li> <li>perform ongoing secondary reviews of complaints and critical incidents received by the Program’s central intake unit to ensure that reasons for not conducting an inspection are justified and documented;<br/><b>Status:</b> Fully implemented.</li> </ul> | <p>As mentioned, each regional office uses management reports to track and monitor the timeliness of complaint, critical incident, and follow-up inspections. In addition, regional offices track comprehensive inspections separately to ensure that every long-term-care home receives either a full or risk-focused comprehensive inspection each year (see <b>Recommendation 3</b> for a description of risk-focused comprehensive inspections).</p> <p>In February 2017, the Program updated its complaint and critical incident policies to require its centralized intake unit to perform reviews on 5% of complaint and critical incident cases closed without an inspection to confirm that the rationale was both justified and documented. The updated policies also require the centralized intake unit to perform monthly reviews of complaint and critical incident cases and to forward these cases to regional offices for inquiry or inspection.</p> <p>In April 2017, staff in the centralized intake unit began performing and documenting these reviews using standardized checklists. Reviewers consolidate and summarize the results and trends identified in these reviews in a log maintained by the centralized intake unit. The Ministry intends to use this information to identify areas where inspectors require further education and needed improvements to its policies and procedures.</p>   |

| Committee Recommendation   | Status Details  |
|--|---|
| <ul style="list-style-type: none"> <li>inform complainants and their family members within 30 days of inspection results or why an inspection was not conducted, and document the action taken.<br/><b>Status: Fully implemented.</b></li> </ul>   | <p>The Ministry updated its policies and procedures to reflect how the Program will update complainants on the status of their complaints at specific points in the inspection. For example, inspectors must now contact complainants within two business days after completing an inquiry or inspection. In addition, to ensure that inspectors are adhering to these requirements, the Ministry has made improvements to its inspection software. Inspectors must document their method of contacting the complainant and their conversations with them before their inspection software will allow the inspection to be marked as completed in the system.</p>   |
| <p><b>Recommendation 3</b></p> <p>The Ministry of Health and Long-Term Care consolidate and analyze past inspection results to determine a timetable for future comprehensive inspections.<br/><b>Status: Fully implemented.</b></p>   | <p>In May 2016, the Ministry hired a consultant to analyze and review data collected from comprehensive inspections to identify options to develop a shorter, risk-focused alternative to the full comprehensive inspection. The results of the consultation produced a new approach whereby homes that are low-risk may receive a shorter, risk-focused comprehensive inspection.</p> <p>Compared to a full comprehensive inspection, the risk-focused comprehensive inspection involves interviewing and examining a smaller number of residents, has one less mandatory inspection protocol, and only nine inspection protocols out of the full 21 inspection protocols can be triggered. As a result, the risk-focused comprehensive inspection is shorter in duration, lasting about three to five days (versus eight days for a full comprehensive inspection), and requires fewer inspectors (two inspectors versus three to four for a full comprehensive inspection).</p> <p>In August 2016, the Ministry began performing these risk-focused comprehensive inspections in addition to full comprehensive inspections. According to its policy, medium- to high-risk homes must continue to receive a full comprehensive inspection every year. In contrast, low-risk homes may receive the new, shorter risk-focused comprehensive inspection each year, but must still receive a full comprehensive inspection at least once every three years. The Ministry still intends to perform either a full or a risk-focused comprehensive inspection at all long-term-care homes every year.</p> |
| <p><b>Recommendation 4</b></p> <p>The Ministry of Health and Long-Term Care work with the Office of the Fire Marshal and Emergency Management and municipal fire departments to regularly share information on an ongoing basis with the Ministry on homes' non-compliance with fire safety regulations, focusing on homes that have not yet installed automatic sprinklers.<br/><b>Status: Fully implemented.</b></p> | <p>In May 2016, the Ministry entered into a memorandum of understanding (MOU) with the Office of the Fire Marshal and Emergency Management (Office) to establish a formal protocol of exchanging information relating to the fire safety of long-term-care homes. According to the MOU, the Office is responsible for notifying the Ministry of any orders issued to close a long-term-care home resulting from a failure to comply with fire safety legislation. In addition, the Office will advise municipal fire departments to contact the Ministry regarding any long-term-care home that is chronically or willfully non-compliant with the fire code. Since entering into the MOU, the Ministry and the Office have shared information with each other on a number of occasions.</p> <p>The Ministry was unable to provide us with an updated number of long-term-care homes that do not have automatic sprinklers installed. However, the Ministry has shared its list of the 200 homes that did not have automatic fire sprinklers at the time of our 2015 audit with the Office and municipal fire departments to help better carry out its mandate.</p>   |

| Committee Recommendation   | Status Details   |
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| <p><b>Recommendation 5</b><br/>The Ministry of Health and Long-Term Care:</p> <ul style="list-style-type: none"> <li>establish clear policy guidelines for inspectors to use in setting appropriate time frames for homes to comply with orders addressing risk and non-compliance areas;<br/><b>Status: Fully implemented.</b></li> <li>periodically review whether policy guidelines are consistently followed by regional offices.<br/><b>Status: Fully implemented.</b></li> </ul> | <p>In November 2016, the Ministry updated its policies and procedures to provide clearer guidelines for setting appropriate time frames for homes to comply with orders addressing risks and non-compliance areas. The policies and procedures now include a tool that inspectors use to set time frames for homes to comply with orders based on whether an order is classified as high-risk or not, and the non-compliance area. The policy defines a high-risk order as an order that meets at least one of the following three criteria:</p> <ul style="list-style-type: none"> <li>The order concerns (a) significant actual harm(/risk) to a resident.</li> <li>The order concerns a recurring issue.</li> <li>The order is associated with a Director Referral.</li> </ul> <p>Time frames are shorter for high-risk orders, and for certain key risk non-compliance areas. For example, a home must rectify a high-risk order relating to abuse or neglect within seven days of the date of issuance. In contrast, homes generally have 90 to 120 days to rectify orders that do not concern a high risk, which is the case for most non-compliance areas.</p> <p>In April 2018, the Program began selecting one comprehensive inspection, one complaint inspection and one critical incident inspection per regional office to review each month for whether they complied with policies and procedures. To facilitate these reviews, the Program has developed a checklist with a number of items that are linked to key policies and procedures. For example, one of the items requires the reviewer to determine if the inspector selected the appropriate non-compliance area and risk-level time frame to establish the compliance due date. At the time of our follow-up, the Ministry had performed about 20 of these reviews of whether inspections complied with Program policies and procedures.</p> |
| <p><b>Recommendation 6</b><br/>The Ministry of Health and Long-Term Care:</p> <ul style="list-style-type: none"> <li>establish formal targets for conducting follow-up inspections;<br/><b>Status: Fully implemented.</b></li> <li>regularly track and monitor follow-up inspections to ensure that targets are met.<br/><b>Status: In the process of being implemented by the end of 2018.</b></li> </ul>   | <p>In November 2016, the Ministry updated its policies and procedures to include a formal target for when to conduct follow-up inspections on compliance orders. According to the Ministry's policy, high-risk orders must be followed up on within 30 business days of the order's due date being passed. All other orders must be followed up on within 60 business days of the order's due date being passed.</p> <p>At the time of our follow-up, regional offices were using a monthly management report to track and monitor whether inspectors conducted follow-up inspections within the targeted time frame. However, because the management report does not distinguish between high-risk and other orders, the Ministry could not confirm whether high-risk orders were being followed up within their targeted time frame. Automation of the management report and improvements to allow it to segregate high-risk orders will be completed by the end of 2018. In addition, the Ministry is still in the process of working with the regional offices to develop a process and solution to ensure corrective actions are taken and monitored when targets are not met. At the time of our follow-up, the Ministry was planning to have this process in place by the end of 2018.</p>  |

| Committee Recommendation  | Status Details   |
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| <p><b>Recommendation 7</b><br/>The Ministry of Health and Long-Term Care:</p> <ul style="list-style-type: none"> <li>develop a reporting strategy that allows the public to compare and rank homes' level of compliance and other quality-of-care indicators against the provincial average; and</li> <li>consolidate inspection results together with information about quality of care at long-term care homes from other organizations such as Health Quality Ontario and the Canadian Institute for Health Information with Ministry inspection results to provide a broader picture of each home's performance.</li> </ul> <p><b>Status: In the process of being implemented by December 2019.</b></p> | <p>In April 2018, the Ministry began publicly reporting the performance level of individual long-term-care homes on its website. The calculation of a home's performance status considers types and number of instances of non-compliance. Repeat violations are tracked and scored substantially higher as part of the calculation. If homes continuously improve their performance in all areas over an 18-month period, this will result in a lower overall score and thus an improved performance level. Homes now receive one of the following performance levels:</p> <ul style="list-style-type: none"> <li>in good standing;</li> <li>improvement required;</li> <li>significant improvement required; or</li> <li>licence revoked.</li> </ul> <p>The Ministry intends to perform a complete refresh of the current website based on the feedback and recommendations it received from its July 2017 meeting with key stakeholders in the long-term-care sector.</p> <p>At the time of our follow-up, the Ministry had developed a methodology to calculate an overall performance level for each home in the province, which uses a combination of quarterly compliance data and other quality indicators produced by the Canadian Institute for Health Information. These quality indicators are also publicly posted by Health Quality Ontario.</p> <p>The Ministry intends to update the performance levels, first posted in April 2018, on a quarterly basis and refine the methodology in 2019. The Ministry is planning to link the public to HQO's website through the improvements under way on the Ministry's public website by December 2019.</p> |
| <p><b>Recommendation 8</b><br/>The Ministry of Health and Long-Term Care:</p> <ul style="list-style-type: none"> <li>establish formal targets for reporting inspection results to both long-term care home licensees and the public;<br/><b>Status: Fully implemented.</b></li> <li>monitor actual reporting timelines against targets and take corrective action when targets are not met;<br/><b>Status: In the process of being implemented by the end of 2018.</b></li> </ul>   | <p>In April 2017, the Ministry updated its policies and procedures to include a formal target for when to report inspection results to both home operators and the public. The target to deliver an inspection report to the operator is 20 business days after the completion of the inspection, and the target to post the report on the Ministry's website is 30 business days after the completion of the inspection.</p> <p>At the time of our follow-up, the Ministry had processes in place to monitor the actual reporting timelines against its targets. Administrative staff at each of the regional offices are responsible for producing monitoring reports that are reviewed by management at regional offices on a regular basis. However, the Ministry did not have a process in place to monitor whether corrective actions were being taken when targets were not met. At the time of our follow-up, the Ministry was developing a process to ensure corrective actions are taken and monitored when reporting targets are not met. The Ministry was planning to have this process in place by the end of 2018.</p>   |

| Committee Recommendation  | Status Details   |
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| <ul style="list-style-type: none"> <li>implement procedures to ensure that all inspection reports are posted on its public website;<br/><b>Status: Fully implemented.</b></li> <li>ensure that reports are clearly written to provide the public with better information for decision-making on long-term care homes; and</li> <li>summarize and report the number of instances identified of non-compliance for individual homes and on a provincial basis, and when these were rectified.<br/><b>Status: In the process of being implemented by December 2019.</b></li> </ul> | <p>In February 2017, the Ministry developed and implemented a new quality assurance process to ensure that it posts all completed inspection reports on its public website. Administrative assistants in each regional office use a tracking spreadsheet that records all inspection reports completed by inspectors. Completed reports are uploaded to the website every week, and administrative assistants in each regional office are required to verify that all inspection reports in the spreadsheet are posted onto the Ministry’s website. The administrative assistants are then required to enter the date of verification into the spreadsheet as proof of their review.</p> <p>In July 2017, the Ministry met with key stakeholders in order to obtain their feedback on the development of an executive summary that will be included in each inspection report. The goal of the executive summary is to use plain language and more visual cues to help users better understand the findings of inspection reports and the relative performance of long-term-care homes. For example, the Ministry intends to include an overall inspection rating in each report to help users understand the severity of the instances of non-compliance identified during the inspection. In addition, the executive summary will also report the number and type of instances of non-compliance identified during the inspection and compare these to provincial averages. The Ministry intends to complete the development of the executive summary for inclusion in inspection reports by the end of 2018.</p> <p>As mentioned in <b>Recommendation 7</b>, the Ministry intends to perform a complete refresh of its current suite of websites. Currently, the Ministry has two websites where users can find information on long-term-care homes—one for inspection reports and another for a high-level summary of the home, which includes the number of instances of non-compliance issued for each individual home and compares it to the provincial average. However, the summary does not report how many instances of non-compliance and compliance orders are outstanding, and whether or not (and when) they were rectified. The Ministry informed us that additional work on creating a one-stop website is under way and that it intends to complete it by the end of 2019.</p> |
| <p><b>Recommendation 9</b><br/>The Ministry of Health and Long-Term Care collect:</p> <ul style="list-style-type: none"> <li>information needed to help the Ministry establish targets for inspectors’ workload and efficiency and to assess whether the current allocation of inspectors is appropriate;<br/><b>Status: In the process of being implemented by the end of 2018.</b></li> </ul>   | <p>In March 2018, the Ministry completed its organizational changes, which resulted in an increase to the number of regional offices—from five to seven. In addition, the Program is centrally producing and distributing management reports to each regional office on a regular basis. One of these management reports focuses specifically on inspector workload. At the time of our follow-up, the Program was in the process of analyzing and monitoring inspector workload in order to establish targets for inspector workload and efficiency. The Ministry expects to complete its analysis and develop an action plan by the end of 2018.</p>   |

| Committee Recommendation  | Status Details  |
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| <ul style="list-style-type: none"> <li>demographic information necessary to engage in long-term planning for the needs of an increasing number of seniors.<br/><b>Status: In the process of being implemented by March 2023.</b></li> </ul>   | <p>As part of its action plan for seniors (“Aging with Confidence”), the Ministry reviewed census data, demographic projections and research studies, and carried out a public opinion survey of Ontario seniors to determine how best to meet their needs. In light of this work, the Ministry has committed to creating 15,000 new long-term-care beds by March 2023. The Province will prioritize placing individuals with the highest need, as well as those within hospitals who are ready to be discharged and require a long-term-care home. Over the next decade, the Ministry intends to create a total of over 30,000 new long-term-care beds, which includes the first 15,000 beds committed by March 2023, to keep pace with the growing and changing needs of an aging population.</p> <p>In order to support regional planning and decision-making, the Ministry is in the process of collecting and mapping long-term-care home data to a geographical information system. This system will, among other things, allow the Ministry to view the number of long-term-care homes by Local Health Integration Network (LHIN) and sub-LHIN, the geographic distribution of long-term-care home applicants on the wait list, and the geographic distribution of the number of patients waiting to be discharged from hospitals and requiring a long-term-care home. The Ministry expects to complete this work by March 2023.</p> |
| <p><b>Recommendation 10</b><br/>The Ministry of Health and Long-Term Care:</p> <ul style="list-style-type: none"> <li>establish quality assurance procedures, including peer reviews and the use of post-audit checklists;</li> <li>conduct regular management reviews of inspectors’ work and document the results;<br/><b>Status: Fully implemented.</b></li> <li>consolidate and evaluate results from quality reviews to use for training purposes;<br/><b>Status: In the process of being implemented by the end of 2018.</b></li> </ul> | <p>As mentioned in <b>Recommendation 5</b>, in April 2018, the Program began selecting one comprehensive inspection, one complaint inspection and one critical incident inspection per regional office on a monthly basis to review whether they complied with policies and procedures. To facilitate these reviews, the Program has developed a checklist with a number of items that are linked to key policies and procedures. For example, one of the items requires the Program to determine if the inspector selected the appropriate non-compliance area and risk-level time frame to establish the compliance due date. At the time of our follow-up, the Ministry had performed about 20 of these reviews of whether inspections complied with Program policies and procedures.</p> <p>The Ministry is in the process of analyzing and reviewing the data it collects from its post-inspection reviews to determine further education needs of inspectors. As discussed, post-inspection reviews at regional offices were implemented in April 2018. Since they were so recently implemented, the Ministry had not collected enough data to determine what areas at regional offices may need further improvement. The Ministry expects to collect enough data to complete its review of post-inspection review data by the end of 2018.</p>   |

| Committee Recommendation   | Status Details   |
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| <ul style="list-style-type: none"> <li>establish a process for rotating inspectors within each region.<br/><b>Status: In the process of being implemented by March 2019.</b></li> </ul>  | <p>The Ministry has inspectors working between and across various parts of the province that are not considered their home region. In addition, the Ministry supports working across and between regions to alleviate higher workload demands or resource shortages where required, and endeavours to rotate different inspectors throughout homes to ensure inspectors are not always inspecting the same homes and creating an actual or perceived bias. All Ministry inspectors must comply with O. Reg. 381/07, which relates to conflict-of-interest rules for public servants. Furthermore, the Ministry’s Inspection Branch requires that inspectors not return to a home within one year of having worked there. The Ministry considered these accountability measures to mitigate any actual or perceived bias on the part of inspectors in their role in providing neutral and fair assessments during the inspection process.</p> <p>At the time of our follow-up, the Ministry was working to establish a formal process that reflects its current practice to rotate inspectors, where possible, by March 2019.</p> |
| <p><b>Recommendation 11</b></p> <p>The Ministry of Health and Long-Term Care ensure that the Local Health Integration Networks (LHINs) use the inspection results provided by the Long-Term Care Home Quality Inspection Program to monitor the performance of long-term care homes through their service accountability agreements.<br/><b>Status: In the process of being implemented by April 2019.</b></p> | <p>At the time of our follow-up, the Ministry did not have a policy requiring Local Health Integration Networks (LHINs) to incorporate the results of inspections in monitoring the performance of long-term-care homes through their service accountability agreements. However, the Ministry noted that the 2018-2021 Ministry-LHIN Accountability Agreement was being negotiated at the time of our follow-up and that it was working to identify additional compliance indicators for inclusion in the LHIN-Service Accountability Agreements with long-term-care homes by April 2019.</p>   |

## Chapter 3

Ministry of Health and Long-Term Care

### Section 3.05

# Physician Billing

## Standing Committee on Public Accounts Follow-Up on Section 3.11, 2016 Annual Report

In March 2017, the Standing Committee on Public Accounts (Committee) held a public hearing on our 2016 audit of physician billing. The Committee tabled a report in the Legislature resulting from this hearing in February 2018. The report can be found at [www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html](http://www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html).

The Committee made six recommendations and asked the Ministry of Health and Long-Term Care (Ministry) to report back by June 22, 2018. Due to the recent provincial election and the reconstitution of new Committee members, the Ministry was unable to formally respond to the new Committee

until August 21, 2018. A number of issues raised by the Committee were similar to the audit observations in our 2016 audit, which we have also followed up on this year (see **Chapter 1**). The status of each of the Committee's recommended actions is shown in **Figure 1**.

We conducted assurance work between April 2, 2018 and August 31, 2018, and obtained written representation from the Ministry of Health and Long-Term Care that, effective October 31, 2018, it has provided us with a complete update of the status of the recommendations made by the Committee.

**Figure 1: Summary Status of Actions Recommended in February 2018 Committee Report**

Prepared by the Office of the Auditor General of Ontario

|                  | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                  |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1 | 4                        | 1                             | 3                               |                       |                         |                      |
| Recommendation 2 | 3                        |                               | 1                               | 2                     |                         |                      |
| Recommendation 3 | 3                        | 2                             |                                 | 1                     |                         |                      |
| Recommendation 4 | 3                        | 1                             | 1                               | 1                     |                         |                      |
| Recommendation 5 | 3                        | 1                             | 2                               |                       |                         |                      |
| Recommendation 6 | 1                        | 1                             |                                 |                       |                         |                      |
| <b>Total</b>     | <b>17</b>                | <b>6</b>                      | <b>7</b>                        | <b>4</b>              | <b>0</b>                | <b>0</b>             |
| <b>%</b>         | <b>100</b>               | <b>35</b>                     | <b>41</b>                       | <b>24</b>             | <b>0</b>                | <b>0</b>             |

## Overall Conclusion

As of August 31, 2018, the Ministry had fully implemented 35% of the Committee's recommended actions, and was in the process of implementing a further 41% of the recommended actions. However, there had been little or no progress on 24% of the recommended actions. For example, the Ministry is ensuring that all primary care providers are given the necessary training on the use and management of the provincial clinical viewers (web-based portals used for sharing patient information, formerly known as Connected Backbones) and has made

progress in expanding access to the clinical viewers for primary care providers. However, the Ministry has made little progress in obtaining accurate information on physicians' practices, including operating costs and profit margins.

## Detailed Status of Recommendations

Figure 2 shows the recommendations and the status details that are based on responses from the Ministry, and our review of the information provided.

**Figure 2: Committee Recommendations and Detailed Status of Actions Taken**

Prepared by the Office of the Auditor General of Ontario

| Committee Recommendation  | Status Details  |
|---|---|
| <p><b>Recommendation 1</b><br/>The Ministry of Health and Long-Term Care:</p> <ul style="list-style-type: none"> <li>expand access to Connected Backbones to include all primary care providers;<br/><b>Status: In the process of being implemented by March 2022.</b></li> <li>ensure that all primary care providers are given the necessary training on the use and management of Connected Backbones;<br/><b>Status: Fully implemented.</b></li> <li>ensure that data is also shared outward from primary care providers to Connected Backbones;<br/><b>Status: In the process of being implemented. The Ministry was unable to provide a specific timeline until March 2019.</b></li> <li>provide a timeline for implementation of the above;<br/><b>Status: In the process of being implemented by March 2019.</b></li> </ul> | <p>At the time of this follow-up, the Ministry had expanded access to the provincial clinical viewers (formerly known as Connected Backbones) to over 100 of the 857 primary care group practices in the province, and 800 of 2,739 physician solo practitioners in the province. The Ministry is working with Local Health Integration Networks to expand access to the provincial clinical viewers, and targets access for 80% of primary care providers by March 2022. The connectivity specifications that health vendors can use to integrate with the clinical viewers have already been developed.</p> <p>Before the Ministry grants primary care providers access to the provincial clinical viewers, they must take mandatory user training that includes education on use and best practices for data privacy and security. Controls include requiring providers to sign agreements confirming they will follow privacy and security policies and training policies, as well as complete mandatory eLearning orientation before being granted access. Training materials are updated annually.</p> <p>A pilot project began in January 2016 and was under way at the time of our follow-up. It enables the sharing of clinical data from primary care providers to the clinical viewers. Four clinics are participating in the pilot project. Part of the pilot project is working to streamline use and collect lessons learned before a province-wide strategy can be developed, expected in March 2019. The Ministry was unable to provide a timeline for implementation of the outward sharing of primary care data until the province-wide strategy is developed.</p> <p>As mentioned above, the Ministry was unable to provide a timeline for the implementation of the outward sharing of primary care data until the province-wide strategy is developed, expected in March 2019.</p> |

| Committee Recommendation  | Status Details   |
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| <p><b>Recommendation 2</b><br/>The Ministry of Health and Long-Term Care:</p> <ul style="list-style-type: none"> <li>develop and distribute educational resources to the public that provide guidelines and information about non-urgent care;<br/><b>Status: Little or no progress.</b></li> <li>track the number of patient visits to emergency departments for non-urgent care to assess the effectiveness of the educational campaign;<br/><b>Status: In the process of being implemented by March 2020.</b></li> <li>adjust, if necessary, and repeat the campaign until a satisfactory level of patient visits to emergency departments for non-urgent care is achieved and sustained.<br/><b>Status: Little or no progress.</b></li> </ul> | <p>At the time of our follow-up, the Ministry had not developed or begun developing educational resources that provide guidelines and information for the public about non-urgent care. However, the Ministry did advise that it will be developing patient education materials in consultation with the Ontario Medical Association (OMA).</p> <p>The Ministry and the OMA have been without a contract since the previous agreement expired on March 31, 2014. In May 2017, the two parties agreed to a Binding Arbitration Framework Agreement (arbitration). Phase one of arbitration began in May 2018. In June 2018, the parties agreed to return to negotiation in July in an attempt to reset the relationship and explore the possibility of reaching a mutually accepted settlement. Dates in July that had been scheduled for arbitration were used for negotiation instead, and further negotiation dates were added for August and September.</p> <p>The parties returned to arbitration in October and have hearings scheduled to December. Phase two of arbitration will follow.</p> <p>Education materials will be developed contingent on the outcome of negotiations or arbitration, with a targeted date of March 2020.</p> <p>The Ministry and Health Quality Ontario began collecting data on patient visits to emergency departments for all primary care models, in 2017. The data collected includes information on visits to emergency departments for cases best served in primary care by patients in patient-enrolment models (where physicians are paid for providing a basket of services to a group of enrolled patients). These models support increased access to primary care, which can help patients avoid visiting emergency departments for non-urgent care.</p> <p>The Ministry advised it would consider the effect of education materials on patient visits to emergency departments for non-urgent care once the materials are developed pending negotiations or arbitration results and consultation with the OMA, with a targeted date of March 2020. The Ministry added that multiple factors influence emergency department visits, and as a result it may not be entirely possible to isolate the specific effect that the educational campaign would have.</p> |
| <p><b>Recommendation 3</b><br/>The Ministry of Health and Long-Term Care:</p> <ul style="list-style-type: none"> <li>establish ranges for average payments to physicians by medical specialty;<br/><b>Status: Fully implemented.</b></li> <li>regularly track and identify reasons when payments to physicians exceed the average payment within the same specialty;<br/><b>Status: Fully implemented.</b></li> </ul>   | <p>The Ministry has begun using Canadian Institute for Health Information data and fee-for-service claims data to establish ranges for average payments to physicians for 64 medical specialties. The calculation uses a standard deviation around the average to create a range which the majority of physicians will fall within. In 2016/17, the lowest-paying specialty based on the range was Community Medicine with a range of \$65,107–\$131,974, while the highest was Ophthalmology with a range of \$659,049–\$1,237,715.)</p> <p>In 2017, the Ministry began using physician income levels and average ranges by specialty as part of the risk assessment when considering physicians for investigation. At the time of our follow-up, the Ministry was reviewing a number of high-billing physicians from various specialties. The purpose of these reviews is to better understand the practices of these physicians who bill in amounts that are higher than others in their specialty, and to identify any inappropriate billing.</p>  |

| Committee Recommendation   | Status Details   |
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| <ul style="list-style-type: none"> <li>obtain accurate information on physicians' practices, including operating costs and profit margins.<br/><b>Status: Little or no progress.</b></li> </ul>  | <p>The Ministry indicated that obtaining accurate information on physicians' practices, including operating costs and profit margins, would require consultation with the OMA through the negotiation or arbitration process as discussed in <b>Recommendation 2</b>. The Ministry had performed no preliminary work to determine how it should obtain financial information from physician practices or what information to obtain.</p>   |
| <p><b>Recommendation 4</b><br/>The Ministry of Health and Long-Term Care:</p> <ul style="list-style-type: none"> <li>establish formal ranges for reporting the results of its payments to physicians to the public;<br/><b>Status: Little or no progress.</b></li> <li>regularly track and monitor the accuracy of physician billings and compare these to the ranges;<br/><b>Status: Fully implemented.</b></li> <li>ensure that inappropriate billings are recovered on a timely basis.<br/><b>Status: In the process of being implemented by March 2020.</b></li> </ul> | <p>The Ministry has done no work to establish formal ranges for reporting to the public the results of its payments to physicians. The Ministry currently releases non-identifying information on physician billing in response to freedom of information requests.</p> <p>As discussed in the status of <b>Recommendation 3</b>, in 2017 the Ministry began using physician income levels and average ranges by specialty as part of the risk assessment when considering physicians for investigation. The Ministry uses aggregate indicators such as total payments, number of days billed, patients seen and provincial comparisons as part of the selection criteria for investigation.</p> <p>The Ministry has hired eight full-time staff to be directly involved in physician billing oversight to allow for an increase in the number of interactions with physicians, the number of cases reviewed for potential inappropriate billings, and the number of voluntary repayment settlements reached.</p> <p>From 2016 to the time of our follow-up, the Ministry recovered or was in the process of recovering \$819,950 from four physicians through proactive reviews. This represents a significant increase from the \$19,700 recovered from 2013 to 2015, but is still far below the \$1,837,000 recovered from 184 physicians in 2012 alone.</p> <p>Reactive reviews and recoveries based on complaints received have increased significantly since our audit. Between 2016/17 and 2017/18, the Ministry completed 338 reactive reviews and recovered or was in the process of recovering \$2,436,500 from 57 physicians. This compares favourably to the 260 reactive reviews between 2014/15 and 2015/16, which led to \$501,400 in recoveries from 19 physicians.</p> <p>The Ministry indicated that, as of June 2018, implementation of new software was not complete. Further investment is required to fully implement the tool. Upon implementation the software will enhance monitoring and data analysis in identifying, tracking and interacting with physicians on inappropriate payments. It explained that any changes to the review and education process would require legislative amendments to the <i>Health Insurance Act</i>.</p> <p>The majority of recoveries made by the Ministry are voluntarily returned by physicians after reviews are completed. Unless a physician agrees to repay amounts voluntarily, it is very difficult to recover inappropriate payments. Current legislation restricts the Ministry from ordering a physician to repay an overpayment or requesting reimbursement for payment of claims billed contrary to provisions of the <i>Health Services Act</i> unless it has an order from the Physician Payment Review Board.</p> <p>At the time of our follow-up, the same process was still in use for recovering overpayments from physicians. The Ministry explained that any changes to the recovery process would require legislative amendments to the <i>Health Insurance Act</i>.</p> |

| Committee Recommendation  | Status Details  |
|---|---|
| <p><b>Recommendation 5</b><br/>The Ministry of Health and Long-Term Care:</p> <ul style="list-style-type: none"> <li>review the recommendations from the third-party report and provide the Committee with corresponding timelines for expected implementation dates;</li> <li>provide the Committee with its rationale for not implementing certain recommendations, if applicable;<br/><b>Status: In the process of being implemented by March 2019.</b></li> <li>provide the Committee with a copy of the third-party report;<br/><b>Status: Fully implemented.</b></li> </ul> | <p>The third-party consultant requested an extension for completion of the report on medical liability protection costs, and as a result the report was released in April 2018, more than a year later than the original January 2017 due date. The report makes 40 recommendations. Due to the late release of the report, at the time of our follow-up the Ministry was reviewing the recommendations and committed to develop an appropriate implementation plan with corresponding timelines by March 2019.</p> <p>The third-party report is available on the Ministry's website at <a href="http://health.gov.on.ca/en/common/ministry/publications/reports/medical_liability/default.aspx">http://health.gov.on.ca/en/common/ministry/publications/reports/medical_liability/default.aspx</a>.</p>  |
| <p><b>Recommendation 6</b><br/>The Ministry of Health and Long-Term Care provide the Committee with an update on the status of its billing review analysis and, if applicable, timelines for implementing changes.<br/><b>Status: Fully implemented.</b></p>  | <p>On May 18, 2018, the Ministry requested written confirmation from the Canadian Medical Protective Association that the Ministry's subsidy excludes amounts associated with defending fee disputes between an Ontario physician and the government or criminal matters involving an Ontario physician. In July 2018, the Canadian Medical Protective Association responded to the Ministry's letter and indicated that billing and criminal matters represent a small percentage of overall medical liability protection costs and that the amount of funds that the Canadian Medical Protective Association expends annually on billing and criminal matters is significantly lower than the non-reimbursed portion of physician's membership fees in Ontario. Based on the response received from the Canadian Medical Protective Association, the risk of the Ministry being placed in a conflict-of-interest situation appears to be low and therefore no further action is required.</p> |

## Chapter 3

### Section 3.06

# Public Accounts of the Province

## Standing Committee on Public Accounts Follow-Up on Chapter 2, 2015 Annual Report

On October 5, 2016, the Standing Committee on Public Accounts (Committee) held public hearings on Chapter 2, Public Accounts of the Province, of the Office of the Auditor General of Ontario (Auditor)'s 2015 Annual Report. The Committee tabled a report in the Legislature resulting from this hearing in May 2017. The report can be found at [www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html](http://www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html).

The Committee made six recommendations and asked the Treasury Board Secretariat (Secretariat)

to report back by the end of September 2017. The status of the Committee's recommended actions is shown in **Figure 1**.

We conducted assurance work between April 2, 2018 and September 20, 2018, and obtained written representation from the Secretariat that, effective October 31, 2018 they provided a complete status update of the recommendations made by the Committee.

**Figure 1: Summary Status of Actions Recommended in May 2017 Committee Report**

Prepared by the Office of the Auditor General of Ontario

|                  | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                  |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1 | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 2 | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 3 | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 4 | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 5 | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 6 | 1                        | 1                             |                                 |                       |                         |                      |
| <b>Total</b>     | <b>6</b>                 | <b>5</b>                      | <b>1</b>                        | <b>0</b>              | <b>0</b>                | <b>0</b>             |
| <b>%</b>         | <b>100</b>               | <b>83</b>                     | <b>17</b>                       | <b>0</b>              | <b>0</b>                | <b>0</b>             |

## Overall Conclusion

As of September 20, 2018, 83% of the Committee's six recommendations were fully implemented. For example, the Secretariat provided the Committee with its rationale for excluding the Workplace Safety Insurance Board's financial results from the Province's consolidated financial statements and its rationale for presenting the Trillium Trust transactions in its own schedule. The Secretariat is in the process of developing a long-term debt reduction plan and providing it to the Committee. The government has indicated that the recommen-

dations of the Independent Financial Commission of Inquiry will inform future fiscal planning and that it has not yet had the opportunity to establish a targeted net debt-to-GDP ratio.

## Detailed Status of Recommendations

**Figure 2** shows the recommendations and the status details that are based on responses from the Secretariat, and our review of the information provided.

**Figure 2: Committee Recommendations and Detailed Status of Actions Taken**

Prepared by the Office of the Auditor General of Ontario

| Committee Recommendation  | Status Details  |
|---|---|
| <p><b>Recommendation 1</b></p> <p>Treasury Board Secretariat provide the Committee with a long-term debt reduction plan (medium and long term) that is linked to the government's target of 27% for the net-debt-to-GDP ratio, based on the facts presented in the Auditor General's report.</p> <p><b>Status: In the process of being implemented.</b></p> | <p>At the time of this report, the government did not have a long-term debt reduction plan. In the 2017 Ontario Budget, the former government reported that it was targeting to reduce its net debt-to-Gross Domestic Product (GDP) ratio to its pre-2008 recession level of 27% by the 2029/30 fiscal year. With the election of a new government in June 2018, an Independent Financial Commission of Inquiry was created to review past spending, accounting practices, and identify opportunities to improve the fiscal planning process in the future. The Commission's report, released September 2018, recommended that the government conduct analysis to determine and set an appropriate target and timeline to reduce the Province's ratio of net debt-to GDP. The government has indicated that the recommendations of the Commission will inform future fiscal planning and that it has not yet had the opportunity to establish a targeted net debt-to-GDP ratio.</p>   |
| <p><b>Recommendation 2</b></p> <p>Treasury Board Secretariat provide the Committee with details on how it has or will incorporate the Public Sector Accounting Board (PSAB)'s Statements of Recommended Practice (SORP) into the Province's Financial Statement Discussion and Analysis (FSD&amp;A).</p> <p><b>Status: Fully implemented.</b></p>           | <p>Starting with the 2015/16 Public Accounts, the Secretariat took into account PSAB's recommended practices for the Province's Financial Statement Discussion and Analysis (SORP1), Assessment of Tangible Capital Assets (SORP3) and Indicators of Financial Position (SORP4).</p> <p>The Secretariat made the following changes to financial reporting in its annual report:</p> <ul style="list-style-type: none"> <li>• An expanded comparison of current year results to prior year results, including an analysis of the trends over a five-year period as related to several financial items, including an expanded discussion on balance sheet items.</li> <li>• A description of the Province's capital assets, showing their impact on the Province's financial condition.</li> <li>• A description of risks and uncertainties that affect the government's financial results and details on how the government manages those risks.</li> </ul> <p>The Deputy Minister of Finance at the time provided these details to the Committee on September 14, 2017.</p> |

| Committee Recommendation  | Status Details   |
|---|--|
| <p><b>Recommendation 3</b></p> <p>Treasury Board Secretariat provide the Committee with its rationale for excluding the Workplace Safety Insurance Board (WSIB)'s financial results from the Province's consolidated financial statements.</p> <p><b>Status: Fully implemented.</b></p> | <p>According to the Secretariat, the WSIB is classified as a trust under administration. Public Sector Accounting Standards indicate that trusts are excluded from the government reporting entity. The WSIB's classification is based on the nature and structure of the organization, as well as the organization's relationship to the Province. The WSIB does not receive any funding from the Province. The Province does not have ongoing access to the assets of the WSIB, nor ongoing responsibility for any losses.</p> <p>The Secretariat monitors the classification of the WSIB regularly, specifically with respect to the impact of the unfunded liability on its classification. In 2011, the WSIB had an unfunded liability of \$14.2 billion. An unfunded liability occurs when revenues from premiums are insufficient to cover the costs of expected employee claims. The WSIB has since reduced its unfunded liability, and at September 30, 2017, its unfunded liability was \$1.8 billion.</p> <p>The Deputy Minister of Finance at the time provided this rationale to the Committee on September 14, 2017.</p> |
| <p><b>Recommendation 4</b></p> <p>Treasury Board Secretariat provide the Committee with its rationale for presenting the Trillium Trust transactions in its own schedule.</p> <p><b>Status: Fully implemented.</b></p>  | <p>The Secretariat indicated to the Committee that the Public Accounts include a separate schedule for the Trillium Trust to provide users with information to assess the government's financial performance and promote transparency and accountability in financial reporting.</p> <p>The Deputy Minister of Finance at the time provided this rationale to the Committee on September 14, 2017.</p>   |
| <p><b>Recommendation 5</b></p> <p>The Ministry provide the Committee with the plan for funding the liability for contaminated sites for \$1.79 billion.</p> <p><b>Status: Fully implemented.</b></p>  | <p>According to the Secretariat, the government is ultimately responsible for financial management relating to contaminated sites for which it is directly responsible or has accepted responsibility for remediation. All ministries use the annual program review process to identify funding risks related to remediation work on new contaminated sites, revise liability estimates for existing contaminated sites, and manage costs for sites covered under the accounting standard PSAB 3260.</p> <p>The Secretariat's fall 2017 program review submissions outlined funding requirements for the remediation of 65 specific high-risk sites, including annual and long-term funding strategies for remediating the province's contaminated sites with a focus on those assessed as higher priority for the next eight-year period.</p> <p>The Deputy Minister of Finance at the time provided these details to the Committee on September 14, 2017.</p>  |
| <p><b>Recommendation 6</b></p> <p>Treasury Board Secretariat outline to the Committee the rationale for having legislation in place that could override public sector accounting standards.</p> <p><b>Status: Fully implemented.</b></p>  | <p>According to the Secretariat, as a senior government in Canada, Ontario is sovereign, and not bound by Public Sector Accounting Standards (PSAS). The Ontario Government decided as a policy choice to use PSAS as the basis to prepare the annual budget and the Public Accounts.</p> <p>Through the <i>Financial Administration Act</i> (Act) clauses 1 and 2 of 1.0.10(1), the Secretariat, subject to the approval of the Lieutenant Governor in Council, can pass regulations on accounting policies and practices to support the preparation of the consolidated financial statements. An amendment to the Act added a clause that expanded the authority for regulations to cover the government's accounting practices and policies.</p> <p>The Deputy Minister of Finance at the time provided this rationale to the Committee on September 14, 2017.</p>  |

## Chapter 3

### Section 3.07

# Ministry of Transportation— Road Infrastructure Construction Contract Awarding and Oversight

Standing Committee on Public Accounts Follow-Up on Section 3.10, 2016 Annual Report

In May 2017, the Standing Committee on Public Accounts (Committee) held a public hearing on our 2016 audit of Road Infrastructure Construction Contract Awarding and Oversight. The Committee tabled a report in the Legislature resulting from this hearing in December 2017. The report can be found at [www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html](http://www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html).

The Committee made 11 recommendations and asked the Ministry of Transportation (Ministry) to provide it with written responses to its recommendations by the end of April 2018, unless otherwise specified. The Ministry formally responded to the Committee on February 12, 2018, on some of the recommendations and committed to provide further responses as the information becomes available. In January 2018, our Office asked the Ministry to provide an update on the status of actions taken to address the Committee's recommendations. Many issues raised by the Committee were similar to the audit observations in our 2016 audit, which we have also followed up on this year (see **Chapter 1, Section 1.10**). The updated status of the Committee's recommendations is shown in **Figure 1**.

We conducted assurance work between April 1, 2018, and August 14, 2018, and obtained written representation from the Ministry of Transportation that, effective October 31, 2018, it had provided us with a complete update of the status of the recommendations made by the Committee.

## Overall Conclusion

As of August 14, 2018, 59% of the Committee's recommendations had been fully implemented and about 41% of the recommendations were in the process of being implemented.

Overall, the Ministry had improved its processes over the collection of asphalt samples to prevent the risk of sample switching; implemented a new acceptance review process on its construction contracts to verify key construction activities are performed to the appropriate standards; and completed training its staff on its new pavement warranty guidelines.

**Figure 1: Summary Status of Actions Recommended in December 2017 Committee Report**

Prepared by the Office of the Auditor General of Ontario

|                   | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|-------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                   |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1  | 2                        |                               | 2                               |                       |                         |                      |
| Recommendation 2  | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 3  | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 4  | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 5  | 3                        | 3                             |                                 |                       |                         |                      |
| Recommendation 6  | 2                        | 1                             | 1                               |                       |                         |                      |
| Recommendation 7  | 2                        | 2                             |                                 |                       |                         |                      |
| Recommendation 8  | 1                        | 1                             |                                 |                       |                         |                      |
| Recommendation 9  | 2                        | 2                             |                                 |                       |                         |                      |
| Recommendation 10 | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 11 | 1                        |                               | 1                               |                       |                         |                      |
| <b>Total</b>      | <b>17</b>                | <b>10</b>                     | <b>7</b>                        | <b>0</b>              | <b>0</b>                | <b>0</b>             |
| <b>%</b>          | <b>100</b>               | <b>59</b>                     | <b>41</b>                       | <b>0</b>              | <b>0</b>                | <b>0</b>             |

However, it had not yet completed its review of administrative and contracting practices for future contracts for highway infrastructure procurement, fully updated policies and guidelines for fraud awareness and reporting, or implemented the new contractor performance rating system to assess whether a contractor should be prohibited from bidding on contracts due to performance issues.

## Detailed Status of Recommendations

Figure 2 shows the recommendations and the status details that are based on responses from the Ministry, and our review of the information provided.

**Figure 2: Committee Recommendations and Detailed Status of Actions Taken**

Prepared by the Office of the Auditor General of Ontario

| Committee Recommendation  | Status Details  |
|---|---|
| <p><b>Recommendation 1</b><br/>The Ministry of Transportation provide the Committee, by February 13, 2018, with:</p> <ul style="list-style-type: none"> <li>the final report of the Expert Panel;<br/><b>Status: In the process of being implemented by November 2018.</b></li> <li>the final report of the Expert Panel;<br/><b>Status: In the process of being implemented by November 2018.</b></li> </ul> | <p>In November 2017, the Ministry of Transportation (Ministry) assembled an independent expert panel to review and recommend administrative and contracting practices for inclusion in future contracts for highway infrastructure procurement. The panel comprised members with extensive experience in highway engineering, construction and contracting from across Canada, including British Columbia, Alberta, Saskatchewan, New Brunswick and Nova Scotia.</p> <p>The expert panel submitted its report with recommendations to the Ministry in May 2018. The Ministry sent the final report to the Committee on June 28, 2018. However, due to the election of a new government, the Committee had not yet been officially reconstituted and the report was not officially accepted. The Committee has since been reconstituted (in August 2018) and the Ministry expects to resubmit the report by November 2018.</p> <p>At the time of this follow-up, the Ministry had completed its review of the expert panel's report and recommendations. The Ministry had committed to report back to the Committee on the panel's report including the recommendations and their implementation status by November 2018.</p>  |
| <p><b>Recommendation 2</b><br/>The Ministry of Transportation provide the Committee, by February 13, 2018, with the results of the Ministry's review on how it develops policy, standards, and specifications related to construction contracts.<br/><b>Status: In the process of being implemented by December 2018.</b></p>   | <p>The Ministry's review of how it develops policy, standards and specifications related to construction contracts was under way as of the time of our follow-up. The Ministry facilitated its first workshop in August 2017 with 27 technical stakeholders to obtain feedback from industry stakeholders, regulators and others regarding how the Ministry can improve the manner in which it consults with stakeholders and interested parties when developing policies and standards associated with highway construction projects.</p> <p>A second workshop was held on January 24, 2018, to present the Ministry's proposed approach to improving consultation and policy and standards development.</p> <p>The Ministry finalized the results of this review in August 2018 and planned to evaluate a number of the items arising from the review for implementation during the 2018 construction season, including:</p> <ul style="list-style-type: none"> <li>creating a "one window" approach to provide a single point of contact for technical stakeholders;</li> <li>hosting annual stakeholder meetings;</li> <li>creating a protocol for the publishing of agendas and minutes from technical committee meetings; and</li> <li>developing a comprehensive website to provide a means to consult on technical policies and standards.</li> </ul> <p>The Ministry anticipated reporting the results of this review to the Committee by the end of 2018.</p> |

| Committee Recommendation  | Status Details  |
|---|---|
| <p><b>Recommendation 3</b></p> <p>The Ministry of Transportation establish formal policies to guide contract administrators and supervisors who become aware of evidence of fraud. These policies should include directions on who must be notified and when, including notification of the police and other authorities.</p> <p><b>Status: In the process of being implemented by December 2018.</b></p>         | <p>The Ministry created a new draft fraud policy in March 2018, which contains a guide for employees and management staff on fraud awareness, responsibilities and reporting. This policy has since been finalized and was communicated to Ministry staff in September 2018.</p> <p>In addition, the Ministry has documented and implemented processes to monitor, assess, report and take action on reports alleging construction fraud under its current fraud policies. The range of actions documented include reporting suspected fraud to the Ontario Internal Audit Division for assessment and investigation or reporting to the Forensic Investigations Team within the Ontario Internal Audit Division for assessment, investigation and, if applicable, referral to the Ontario Provincial Police or the appropriate police service for investigation.</p> <p>Reports of alleged fraud are also assessed by a Fraud Executive Committee, which is composed of senior Ministry staff including the Assistant Deputy Minister and three directors from the Provincial Highways Management Division.</p> <p>By the end of 2018, the Ministry also plans to update appropriate internal documents, such as the Contract Administration and Inspection Task Manual, to include policies and procedures for reporting alleged fraud and notifying appropriate authorities.</p> |
| <p><b>Recommendation 4</b></p> <p>The Ministry of Transportation provide the Committee with a report on how it addressed evidence reported by the Auditor General of improper tampering with asphalt samples by contractors, including which authorities were notified, and if no authorities were notified, the reason for not notifying.</p> <p><b>Status: Fully implemented.</b></p>                           | <p>On February 12, 2018, the Ministry responded to the Committee’s request with a chronology of events that took place from 2014 to 2016. It noted that the allegation of sample tampering was forwarded to the Ontario Provincial Police (OPP) for consideration in 2014; however, this did not result in further investigation by the OPP.</p> <p>In addition, since 2016, the Ministry has also made a number of changes to its processes over the collection of asphalt samples to prevent the risk of sample switching and improve awareness and reporting of fraudulent activities. These include:</p> <ul style="list-style-type: none"> <li>• a new oversight process whereby the Ministry has custody and control of asphalt samples;</li> <li>• implementation of a new public tip-line to allow anonymous reporting of suspected fraudulent activity related to the Ministry’s construction contracts;</li> <li>• fraud awareness and prevention training for Ministry and consultant staff; and</li> <li>• a risk assessment of the asphalt sampling processes to determine if any further controls need to be considered.</li> </ul>   |
| <p><b>Recommendation 5</b></p> <p>The Ministry of Transportation provide the Committee, by February 13, 2018, with:</p> <ul style="list-style-type: none"> <li>• an estimate of the number of contracts that have incorporated the Ministry’s acceptance reviews;<br/><b>Status: Fully implemented.</b></li> <li>• an estimate of its total number of contracts;<br/><b>Status: Fully implemented.</b></li> </ul> | <p>On February 12, 2018, the Ministry reported to the Committee that it had completed acceptance reviews on 15 major capital construction contracts to verify and provide certification that key construction activities were performed to the appropriate standards.</p> <p>On February 12, 2018, the Ministry reported to the Committee that, during the 2016/17 fiscal year, the Ministry tendered 117 major capital construction contracts. As of December 31, 2017, the Ministry had tendered 81 major construction contracts in the 2017/18 fiscal year.</p>  |

| Committee Recommendation  | Status Details   |
|---|--|
| <ul style="list-style-type: none"> <li>its plan for its use of acceptance reviews for all contracts going forward;<br/><b>Status: Fully implemented.</b></li> </ul>   | <p>As of April 2018, the Ministry replaced the previous quality verification process, which was undertaken by the contractor, with a new acceptance review process that is now completed by Ministry staff and/or consultants working for the Ministry.</p>  |
| <p><b>Recommendation 6</b><br/>The Ministry of Transportation provide the Committee, by February 13, 2018, with the interim results of its audits of:</p> <ul style="list-style-type: none"> <li>the Quality Verification Engineer (QVE) requirements from summer 2017;<br/><b>Status: Fully implemented.</b></li> <li>the new sample collection and delivery system.<br/><b>Status: In the process of being implemented by November 2018.</b></li> </ul> | <p>On February 12, 2018, the Ministry reported to the Committee on the results of the audit of the Quality Verification Engineer (QVE) requirements. The audit reviewed the QVE function on 15 projects across the province from the 2017 construction season.</p> <p>The audit found that the QVE process was not fully meeting the intent and expectations of the Ministry. While there was no evidence of misconduct, there were enough discrepancies noted to warrant a change from the current process. These issues included documentation not being submitted on time and Ministry staff having to correct work that was previously certified as being in general conformance with the contract documents. The audit also found that there was a general reluctance by the contract administrator to challenge the work that was being submitted by the QVE.</p> <p>Based on the findings of the Ministry's internal review and in our Office's report on issues with sample switching during asphalt testing on road construction contracts, starting in 2017, the Ministry transferred responsibility for sample collection and delivery from the contractors to the Ministry for all new contracts.</p> <p>In addition, in January 2018, the Ministry retained an independent consulting firm to undertake a risk assessment and review of the new sample collection process for asphalt. This review and a final report were expected to be completed in November 2018.</p> |
| <p><b>Recommendation 7</b><br/>The Ministry of Transportation provide the Committee, by February 13, 2018, with:</p> <ul style="list-style-type: none"> <li>details of the training that is planned, and already under way, for its Pavement Warranty Guideline;<br/><b>Status: Fully implemented.</b></li> <li>a copy of the guideline.<br/><b>Status: Fully implemented.</b></li> </ul>   | <p>On February 12, 2018, the Ministry reported to the Committee that, in April 2017, training was provided to Ministry operations staff during the annual spring update meetings held in the five Ministry regions across the province.</p> <p>Subsequent to the reporting to the Committee, to improve the manner in which pavement warranties are administered and to ensure consistency and objectivity, the Ministry undertook the following:</p> <ul style="list-style-type: none"> <li>An information session for external stakeholders was provided in April 2018.</li> <li>Training on the use of specialized equipment for collecting pavement-performance data was provided to Ministry engineering staff in May 2018.</li> </ul> <p>The Ministry provided the Committee a copy of the guideline for administering pavement warranty provisions in April 2018.</p>   |

| Committee Recommendation  | Status Details  |
|---|---|
| <p><b>Recommendation 8</b></p> <p>The Ministry of Transportation provide the Committee, by February 13, 2018, with an update of how the Ministry has improved contract warranties through clarifying its contract requirements.<br/> <b>Status: Fully implemented.</b></p>  | <p>On February 12, 2018, the Ministry reported to the Committee on the changes to the warranty requirements in the contracts.</p> <p>Effective May 2017, the Ministry improved its contract warranties by:</p> <ul style="list-style-type: none"> <li>• developing and implementing new specifications, which include extended hot mix warranty requirements. The new specification requires that the hot mix pavement meet a set standard during the entire warranty period, including the final year of the warranty period;</li> <li>• defining in the new specification the required repairs when contract requirements are not met; and</li> <li>• updating the Construction Administration and Inspection Task Manual to better define tasks for staff to complete the administration of warranties before, during and after construction and throughout the warranty period.</li> </ul>  |
| <p><b>Recommendation 9</b></p> <p>The Ministry of Transportation should:</p> <ul style="list-style-type: none"> <li>• describe the new financial security requirements for designated contracts;<br/> <b>Status: Fully implemented.</b></li> <br/> <li>• provide the Committee with the total number of designated contracts that exceed the \$250,000 threshold.<br/> <b>Status: Fully implemented.</b></li> </ul> | <p>In order to increase financial security for designated contracts, effective April 1, 2017, on contracts typically between \$250,000 and \$2 million in value, the Ministry no longer accepts a certified cheque as a form of financial security. The Ministry now requires either that the contractor be bonded or provide a letter of credit.</p> <p>Bonding may be issued by a guarantor that secures the performance of all aspects of construction work valued at up to 50% of the total contract price. In addition, a second bond issued and approved by a guarantor is required for all labour and material supplied for the construction work.</p> <p>The contractor also has the option to provide a letter of credit that is drawn on a Canadian regulated financial institution. The value of the letter of credit must be at least 10% of the total contract price.</p> <p>On February 12, 2018, the Ministry reported to the Committee the number of contracts exceeding the \$250,000 threshold: 62 in the 2016/17 fiscal year, and 38 as of December 31, 2017, for the 2017/18 fiscal year.</p> |
| <p><b>Recommendation 10</b></p> <p>The Ministry of Transportation provide an overview of the jurisdictional scan completed on other road authorities as it relates to safeguards and sanctions.<br/> <b>Status: In the process of being implemented by November 2018.</b></p>   | <p>The Ministry completed the jurisdictional scan in July 2017. As of the time of our follow-up, the Ministry anticipated providing the overview of the scan to the Committee by November 2018.</p> <p>As it relates to safeguards and sanctions, the jurisdictional scan reviewed the following questions:</p> <ul style="list-style-type: none"> <li>• Do other jurisdictions have a process to suspend or restrict contractors from bidding, practices to monitor and improve contract performance, and any performance requirements to bid?</li> <li>• Were safety and environmental performance used as criteria in procurement, and did the performance rating of a contractor affect its ability to bid?</li> <li>• How do other jurisdictions deal with poorly performing contractors; how do they ensure that the quality and safety of performance affects the management of construction contracts?</li> </ul>   |

| Committee Recommendation  | Status Details  |
|---|---|
| <p><b>Recommendation 11</b></p> <p>The Ministry of Transportation provide the Committee with the results, when available, of its review on prohibiting contractors with performance issues from bidding on contracts.</p> <p><b>Status: In the process of being implemented by December 2019.</b></p> | <p>Based on an on-going review initiated in 2016, the Ministry has completed a system change that will allow it to restrict smaller contractors with performance issues from bidding on other contract work with the Ministry.</p> <p>At the time of our follow-up, the Ministry was still in the process of developing a new contractor performance rating system which, when implemented, is intended to further improve contractor performance and safety and to assess if a contractor should be prohibited from bidding on contracts due to performance issues. The Ministry told us that the new system will objectively and consistently assess the contractor's performance to ensure that any issues are addressed. Pilot testing of the new system began in 2017. A report dated February 2018 showed that 18 contracts had been tested under the new rating system by that time.</p> <p>The Ministry plans to complete and review the pilot testing by December 2018. Based on the results of the pilot, a schedule for implementation will be determined in 2019, with implementation to be completed before the end of 2019.</p> |

## Chapter 3

### Section 3.08

Ministry of Economic Development, Job Creation and Trade

# University Intellectual Property

## Standing Committee on Public Accounts Follow-Up on Section 3.14, 2015 Annual Report

The Committee held a public hearing on November 23, 2016, on our 2015 audit of University Intellectual Property. The Committee tabled a report on this hearing in the Legislature in April 2017. The report can be found at [www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html](http://www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html).

The Committee made eight recommendations and asked the then Ministry of Research, Innovation and Science, now the Ministry of Economic Development, Job Creation and Trade, (Ministry) to report back by mid-August 2017. The Ministry formally responded to the Committee on

August 8, 2017, and included responses from the three universities we audited in 2015: McMaster University, University of Toronto and University of Waterloo. A number of the issues raised by the Committee were similar to the audit observations in our 2015 audit. In February 2018, our Office asked the Ministry to provide an update on the status of actions taken to address the Committee's recommendations. The updated status of the Committee's recommended actions is shown in **Figure 1**.

We conducted assurance work between April 1, 2018, and June 22, 2018, and obtained written representation from the Ministry that, effective

**Figure 1: Summary Status of Actions Recommended in April 2017 Committee Report**

Prepared by the Office of the Auditor General of Ontario

|                  | # of Actions Recommended | Status of Actions Recommended |                                 |                       |                         |                      |
|------------------|--------------------------|-------------------------------|---------------------------------|-----------------------|-------------------------|----------------------|
|                  |                          | Fully Implemented             | In Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1 | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 2 | 2                        |                               |                                 | 1                     | 1                       |                      |
| Recommendation 3 | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 4 | 1                        |                               |                                 | 1                     |                         |                      |
| Recommendation 5 | 2                        | 2                             |                                 |                       |                         |                      |
| Recommendation 6 | 1                        |                               |                                 |                       | 1                       |                      |
| Recommendation 7 | 1                        |                               | 1                               |                       |                         |                      |
| Recommendation 8 | 4                        | 2 1/3                         | 1 2/3                           |                       |                         |                      |
| <b>Total</b>     | <b>13</b>                | <b>4 1/3</b>                  | <b>3 2/3</b>                    | <b>3</b>              | <b>2</b>                | <b>0</b>             |
| <b>%</b>         | <b>100</b>               | <b>33</b>                     | <b>28</b>                       | <b>23</b>             | <b>16</b>               | <b>0</b>             |

October 31, 2108, it has provided us with a complete update of the status of the recommendations made by the Committee.

## Overall Conclusion

As of June 22, 2018, the Ministry had either fully implemented or was in the process of implementing 61% of the Committee's recommended actions. However, there has been little or no progress on 23% of the recommended actions. For example, the Ministry had not developed a multi-year implementation plan for the strategic direction developed by the government or socio-economic performance measures to be used in publicly reporting the outcomes of university research and commercialization efforts. In addition, 16% of the recommended actions will not be implemented. For example, the Ministry does not intend to publicly

report the results of its key performance indicators, or to reconsider including provisions in selective research funding agreements that would allow it to share in future income from the sale or licensing of resulting intellectual property, and/or to have the non-exclusive right to use the intellectual property royalty-free for non-commercial internal purposes, where there may be value to doing so.

## Detailed Status of Recommendations

Figure 2 shows the recommendations and the status details that are based on responses from the Ministry and the three universities we audited in 2015—McMaster University, University of Toronto and University of Waterloo—and our review of the information provided.

**Figure 2: Committee Recommendations and Detailed Status of Actions Taken**

Prepared by the Office of the Auditor General of Ontario

| Committee Recommendation  | Status Details  |
|---|---|
| <p><b>Recommendation 1</b></p> <p>The Ministry of Research, Innovation and Science implement a process to regularly track and monitor total direct and indirect provincial funding for research and to track the new technologies and inventions resulting from provincial research funding across all ministries and agencies.</p> <p><b>Status: In the process of being implemented by June 2019.</b></p> | <p>The Ministry has developed a research inventory questionnaire to be answered by ministries to track research investments and expenditures. The questionnaire is expected to capture information on research funding programs available; the number of research projects and areas of discipline supported; total funding in the year for each research activity; and whether each ministry tracks the intellectual property arising from the funded research activities—that is, invention disclosures, patents applied for and granted, copyrights and licenses. The questionnaire was made available to ministries in October 2017.</p> <p>However, the questionnaire is limited, as it does not request information on new technologies and innovations resulting from provincial research funding. Rather, it asks whether the individual ministries track the intellectual property arising from the funding they provide. The Ministry tracks commercialization potential of research projects for the period of the funding agreement. New technologies or innovations typically occur years after government funding has been provided for research and/or commercialization. Therefore, inventions arising after the contract reporting period ends would not be known.</p> <p>The Ministry expects to analyze the data collected from the initial questionnaire to determine the value of the data for the government and the appropriate custodian of any future collection of data. The Ministry expects to complete the data analysis by November 2018, and, at that time, determine when annual reporting is to begin. As well, the Ministry's Science Research Branch expects to decide upon an option for tracking research expenditures across all government ministries in 2019, with annual reporting to begin after an appropriate custodian of any future collection of data is determined.</p> |

| Committee Recommendation  | Status Details  |
|---|---|
| <p><b>Recommendation 2</b><br/>The Ministry of Research, Innovation and Science:</p> <ul style="list-style-type: none"> <li>develop a multi-year implementation plan (including a timeline and deliverables) covering the Innovation Agenda's strategic direction as well as provincial goals and initiatives on research and innovation;<br/><b>Status: Little or no progress.</b></li> <li>conduct periodic assessments against the indicators in the scorecard and report the results publicly.<br/><b>Status: Will not be implemented.</b></li> </ul> | <p>The Ministry indicated that it has revised its approach since the release of the Ontario Innovation Agenda almost a decade ago. The Business Growth Initiative, announced in the 2016 Budget, is a strategy to strengthen innovation and increase the province's global competitiveness. The initiative will focus on creating opportunities to make Ontario's economy more innovative, help scale up small businesses into medium-sized and large enterprises, and reduce the regulatory burden on businesses. During our 2017 follow-up, the Ministry informed us that, throughout the 2017/18 fiscal year, it would design and implement programs and more detailed action plans in alignment with the initiative's new framework with a key focus on measuring program performance.</p> <p>At the time of this follow-up on the Standing Committee's recommendations, the Ministry had not developed a detailed action plan with timelines and deliverables to track the status of the Business Growth initiative. Instead the Ministry referred us to funding commitments for various initiatives noted in the 2016 Budget. These funding commitments did not specify the responsible ministry, timelines for completion or expected outcomes.</p> <p>In our 2017 follow-up, the Ministry informed us that the innovation indicators developed in 2013 to help inform policy and program development were no longer appropriate. It stated that work was under way to revise these and develop a suite of high-level key performance innovation indicators to better measure program effectiveness that reflect both the 2008 Innovation Agenda and the 2016 Business Growth Initiative.</p> <p>In April 2018, the Ministry received approval from the Treasury Board for the following new key performance indicators to measure the effectiveness of its programs:</p> <ul style="list-style-type: none"> <li>number of researchers engaged in research and development (per 1,000 employed);</li> <li>number of patents filed per million people in Ontario;</li> <li>business expenditure in research and development as percentage of GDP;</li> <li>high-growth firms as percentage of firms in Ontario (firms growing with annualized growth of at least 20% in revenue in a three-year period or firms with minimum annual revenue of \$10,000);</li> <li>dollar value of venture capital investments in Ontario;</li> <li>net reduction in administrative cost to business in Ontario;</li> <li>total U.S.-dollar value of foreign direct investment flowing into Ontario per year.</li> </ul> <p>The Ministry informed us that it does not intend to publicly report the results of its key performance indicators because the indicators are macro-level and the data is from publicly available sources, such as the Conference Board of Canada. We believe the Ministry should publicly report the results of its key performance indicators.</p> |

| Committee Recommendation  | Status Details  |
|---|---|
| <p><b>Recommendation 3</b></p> <p>The Ministry of Research, Innovation and Science should evaluate and address any identified barriers to commercialization including those identified during the IP roundtable discussions in December 2016.</p> <p><b>Status: Little or no progress.</b></p>                | <p>During our 2017 follow-up, the Ministry stated that it was developing an intellectual property framework to strengthen the protection of intellectual property in order to ensure greater retention of benefits to Ontario. The Ministry was also developing a strategy for scale-up firms. A scale-up firm is the next stage in development for a start-up company. A scale-up firm is looking to grow in terms of market access, revenues and number of employees, adding value by identifying and realizing win-win opportunities for collaboration with established companies.</p> <p>At the time of this follow-up on the Standing Committee’s recommendations, the Ministry was still developing an Intellectual Property Framework and Scale-Up Strategy and could not provide us with expected dates for their completion and implementation.</p> <p>In addition, in January 2018, the Ministry completed an external review of the Ontario Network of Entrepreneurs—a group of organizations funded by the Ministry to provide commercialization activities to universities, colleges, other research institutions, start-ups and other companies. The report included recommendations to the Ministry, including strengthening head office functions to improve governance, program review and alignment with the Province’s strategic goals. At the time of this follow-up, the Ministry had not yet outlined how it expects to proceed on the report’s recommendations.</p> <p>As well, in July 2018 the Ministry updated its website where it provides information on intellectual property to educate entrepreneurs on the importance of protecting their intellectual property, grow their business and apply for trademark and copyright. A lack of awareness of the IP process was identified as a barrier to commercialization during the IP roundtable discussions.</p> |
| <p><b>Recommendation 4</b></p> <p>The Ministry of Research, Innovation and Science work with universities to develop socio-economic performance measures to be used in publicly reporting the outcomes of university research and commercialization efforts.</p> <p><b>Status: Little or no progress.</b></p> | <p>At the time of this follow-up, the Ministry had not yet developed specific performance measures that assess the socio-economic benefits to Ontarians. The Ministry stated that no “gold standard” method exists for measuring the socio-economic impact of research.</p> <p>In our 2017 follow-up report, we reported that the Ministry was conducting studies, including a jurisdictional scan, to support the development of a potential socio-economic impact framework. At the time of this follow-up on the Standing Committee’s recommendations, the Ministry informed us that work in this area was continuing and that it would have a more fulsome jurisdictional scan done by December 2018.</p>   |

| Committee Recommendation   | Status Details  |
|--|---|
| <p><b>Recommendation 5</b></p> <p>The Ministry of Research, Innovation and Science work with Ontario universities to ensure that:</p> <ul style="list-style-type: none"> <li>• university researchers are aware of the importance of protecting intellectual property;<br/><b>Status: Fully implemented.</b></li> <li>• technology transfer offices implement processes to ensure the timely implementation of commercialization assessments of intellectual property disclosures and patent protections.<br/><b>Status: Fully implemented.</b></li> </ul> | <p>In April 2018, the Ministry created a website page entitled “Trademarks, copyright and other intellectual property”, to provide advice to businesses and not-for-profit entities on how to protect their intellectual property.</p> <p>As well, at the time of this follow-up, all three universities were communicating invention disclosure requirements to staff and students through presentations made by their respective technology transfer offices. We noted that only two of the three universities warn faculty and students about public disclosures of discoveries—McMaster University has a formal policy on its website, and the University of Waterloo has incorporated the warning in its presentation (Intellectual Property 101) provided to staff and students. However, the University of Toronto normally has provisions for delaying publication until IP is protected, written into research contracts between the University and the sponsor in disciplines (such as engineering and science) in which commercializable IP is most likely to arise.</p> <p>All three universities have established time frames to complete commercialization assessments—ranging from about one month to 45 days.</p> <p>Since our follow-up in 2017, McMaster University has developed a report that tracks assessment completion times and the time taken to file a patent. It also documents the reason for assessments that took longer than 90 days and patent filings that took longer than 120 days since the date the invention was disclosed to the technology transfer office.</p> <p>The University of Toronto also tracks assessment completion times and identifies those that are pending. However, it does not document the reason when an assessment or patent filing takes longer.</p> <p>The University of Waterloo tracks the time taken to file a patent from date of disclosure, but it does not explicitly track the time taken to complete an initial commercialization assessment. Instead, this university tracks the date from when an invention is disclosed to the technology transfer office to the date researchers sign a contract with the technology transfer office to undertake commercialization efforts. Although not an exact substitute, this is a good proxy for the time taken to complete an assessment, because an initial assessment would have to be completed before a contract is signed with the researchers.</p> <p>All three universities noted that a completed assessment does not automatically mean a patent will be filed as there are many reasons a filing may be delayed.</p> |

| Committee Recommendation   | Status Details  |
|--|---|
| <p><b>Recommendation 6</b></p> <p>The Province should revisit and assess the pros and cons of including provisions in selective research funding agreements that would allow it to share in future income from the sale or licensing of resulting intellectual property, and/or to have the non-exclusive right to use the intellectual property royalty-free for non-commercial internal purposes, where there may be value to doing so.</p> <p><b>Status: Will not be implemented.</b></p> | <p>The Ministry informed us that it will not be implementing this recommendation. It stated that Ontario's approach to intellectual property ownership was consistent with best jurisdictional practices, federal policy and academic/industry preference, and was based on the assertion that government ownership of intellectual property is costly and may be an impediment to commercialization and innovation.</p> <p>These same points were made during the time of our audit in 2015, at which time we reported that intellectual property rights should not be viewed as an impediment to commercialization without further detailed analysis of the impact and potential value to Ontario. At the time of this follow-up, the Ministry had not done such an analysis.</p> <p>An article in <i>The Globe and Mail</i> in May 2018 reported that publicly funded universities and granting agencies are failing to generate and retain intellectual property for the benefit of Canada's economy. Intellectual property generated by publicly funded research is being transferred away to foreign companies that have the resources to advance early academic research into more valuable intellectual property.</p> |
| <p><b>Recommendation 7</b></p> <p>The Ministry of Research, Innovation and Science work with Ontario universities to regularly and publicly report performance results on research funding and commercialization programs.</p> <p><b>Status: In the process of being implemented by June 2019.</b></p>   | <p>The Ministry reported on performance of its research and commercialization programs through the 2017/18 Estimates Briefing Book. The briefing book highlighted 2016/17 achievements of the Ministry's programs under seven overall objectives. Many of the reported achievements related to the amount of funding provided or committed to by the Ministry. However, it also reported on the amount of money leveraged from industry; the number of prototypes developed; the number of patents granted; the number of new products, services and process improvements brought to market; and the number of start-ups, business expansions and new jobs.</p> <p>The Ministry told us that it is exploring options under the government's Open Data Initiative for publicly reporting performance data related to its research and commercialization programs.</p>  |
| <p><b>Recommendation 8</b></p> <p>The Ministry of Research, Innovation and Science work with Ontario universities to ensure that:</p> <ul style="list-style-type: none"> <li>• all intellectual property created using university resources is disclosed to the appropriate university office; and</li> </ul> <p><b>Status: Fully implemented.</b></p>   | <p>At the time of this follow-up, all three universities were communicating invention disclosure requirements to staff and students through presentations made by their respective technology transfer offices.</p>   |

| Committee Recommendation   | Status Details   |
|--|--|
| <ul style="list-style-type: none"> <li>commercialization assessments are completed within a reasonable timeframe;<br/><b>Status:</b><br/><b>McMaster University: Fully implemented.</b><br/><b>University of Toronto and University of Waterloo: In process of being implemented.</b></li> </ul> | <p>McMaster University—40% of inventions disclosed in 2017 were assessed within the targeted 30 days. By 90 days, 69% of invention disclosures had been assessed. This university had documented the reason for all assessments taking longer than 90 days.</p> <p>University of Toronto—30% of inventions disclosed in 2017 had a commercialization assessment done within the targeted 45 days. By 60 days, 40% of disclosures had been assessed. The tracking sheet provided did not indicate the reason why other assessments were taking longer.</p> <p>Waterloo University—this university was not tracking the assessment completion date, but rather the date an agreement was signed between the technology transfer office and the researchers, which should occur after an assessment is completed and the university decides to pursue commercialization efforts with the researchers' approval. Using this time period as a proxy for the time taken to complete an assessment, we noted that only 13% of inventions disclosed in 2017 had agreements signed within 30 days, and 38% had agreements signed within 90 days of disclosure.</p>  |
| <ul style="list-style-type: none"> <li>there are no unnecessary delays in patent filings;<br/><b>Status: In process of being implemented.</b></li> </ul>   | <p>All three universities informed us that they try to balance quick filing of patent protection with ensuring sufficient data has been compiled to support a strong patent application, thereby increasing the chances that a patent is granted. All three indicated that many factors have to be considered in determining when to file an application. However, none of the universities have done an analysis to compare the length of time taken to file a patent application with the success rate in obtaining a patent to support their assertions.</p> <p>We reviewed the time taken to file a patent in 2017 and noted that the average time taken to apply for patents from the time of disclosure was 169 days for the University of Waterloo and 104 days for McMaster University. However, both universities had a number of inventions where patents were not yet filed, in some cases for more than 600 days since disclosure. According to the universities, these were undergoing further technical development by the researchers. At the University of Toronto, more than 200 inventions were disclosed to the technology transfer office in 2017 and only 10 had patents filed by May 30, 2018.</p> |
| <ul style="list-style-type: none"> <li>there is a process to manage costs incurred in the effort to commercialize intellectual property and for the timely and accurate collection of revenue owing.<br/><b>Status: Fully implemented.</b></li> </ul>  | <p>All three universities were tracking costs arising from commercialization activity such as legal, patent and marketing costs. McMaster University was also preparing quarterly cost projections; the University of Waterloo was working on estimating future patent costs. Furthermore, in our 2017 follow-up, we reported that all three universities had processes in place to track revenue coming due in order to bill one-time payments in advance and remind licensees to submit royalty payments on time. As well, they were obtaining revenue reports from licensees to support the amount of royalties remitted to them.</p>   |

# Follow-Up on Audit Recommendations from 2012 to 2017

## 1.0 Summary

All of our value-for-money audit reports include specific recommended actions that aim to promote accountability, transparency and better services for Ontarians, and improve efficiency and cost-effectiveness.

These goals are at risk when recommended actions are not implemented in a timely way—or not implemented at all.

Two years after we publish audit reports, we follow up on the status of actions taken on our recommendations that ministries, Crown agencies and broader-public-sector organizations (also collectively referred to as organizations) agreed to when the initial audit was completed. (**Chapter 1** of this volume contains our follow-ups on recommendations in our *2016 Annual Report*.)

This year, as part of our expanded effort to track the status of our past recommendations and support increased implementation efforts, we again returned to our annual reports of 2012, 2013, 2014, along with the addition of 2015 this year, to, effectively, “follow up on the follow-ups.” In **Section 4.0**, we also report on the status of recommended actions of the Standing Committee on Public Accounts.

Between 2012 and 2015, we audited a total of 53 ministries, Crown agencies and broader-public-sector organizations, and recommended 898 actions

overall. From this year’s review of the status of those recommended actions, we noted the following:

- **The average implementation rate after the two-year follow-up continues to rise.** From our work this year following up on recommended actions from 2012, 2013, and 2014, we found that the implementation rate has increased to 62%, 57% and 66% for those three years, respectively. This is an improvement over last year when the rate for these recommended actions was about 50%. The implementation rate of recommended actions from our *2015 Annual Report*, which were included in the expanded follow-up work this year for the first time, increased to 52%.
- **Implementation of recommended actions two years after issuance of the initial audit report is generally increasing.** The average implementation rate noted during our two-year follow-up has generally trended upward, with a slight decrease for 2015: 20% in 2012, 29% in 2013, 40% in 2014, and 36% in 2015.
- **The average implementation rate continues to be lower than expected.** While the implementation rate of our recommended actions continues to improve, we remain concerned that about 40% of the recommended actions issued five or more years ago have still not been implemented.
- **Implementation continues to lag for short-term recommendations.** We classified as short-term those recommended actions that

could reasonably be achieved within two years. While there has been a positive trend to implement these actions, 36% of the ones made in 2012 (six years ago), 31% of the ones from 2013 (five years ago), 25% from 2014 (four years ago), and 44% from 2015 (three years ago) were still outstanding.

- **Pressing issues still not addressed at some ministries.** For example:
  - Our 2014 audit on Palliative Care, which is the responsibility of the Ministry of Health and Long-Term Care, had 18 actions outstanding out of the 21 that we recommended. Many of these actions relate to improvements affecting the care of patients needing palliative care and the potential cost saving from keeping these patients out of the hospital. For example, one action recommended that hospices increase their occupancy rates to serve more palliative care patients, while another called for a review of the way nurse practitioners are deployed in order to provide patients with 24/7 access to palliative care at home.
  - The Ministry of Children, Community and Social Services was slow to implement the recommendations for programs relating to children and youth. For example, the Child Protection Services Program that we audited in 2015 had 9 actions outstanding of the 12 that we recommended. Many of the outstanding recommendations involve the Ministry's oversight of Children's Aid Societies and keeping children in their care safe, such as one calling for the Ministry to review the outcomes of children receiving protection services to identify opportunities to improve these services and ultimately the future of these children.

## 2.0 How We Evaluated Implementation

We recommended a total of 898 actions in our 2012, 2013, 2014 and 2015 annual reports. Based on our review this year, we agreed with auditees that 29 of the actions were “no longer applicable,” mainly due to changes in legislation resulting in the entity no longer having responsibility for the recommended action. This left a total of 869 recommended actions.

We obtained self-assessments by auditees of their progress in implementing the 2012 to 2015 recommended actions as of March 31, 2018, along with supporting documentation.

Our review work consisted of inquiries and reviews of the supporting documentation to gain assurance that each recommended action was in fact fully implemented. In certain cases, we also conducted further sample testing to confirm the status of the recommended actions.

We also obtained information and documentation for recommended actions assessed as “no longer applicable,” and “will not be implemented,” to determine the reasonableness of the rationale for not completing them.

We conducted our work between April 1, 2018, and October 1, 2018, and obtained written representation from the auditees that they provided us with a complete update of the status of the recommendations we made in the original audits.

In June 2018, the new government amalgamated certain ministries into other existing ministries, reducing the total number of ministries. Where necessary, we revised the current and comparative year's ministries to correspond to the government's changes.

As this follow-up work is not an audit, we cannot provide complete assurance that the recommended actions have been implemented effectively.

## 3.0 Detailed Findings

### 3.1 Implementation Rate Increasing, But Still Lower Than Expected

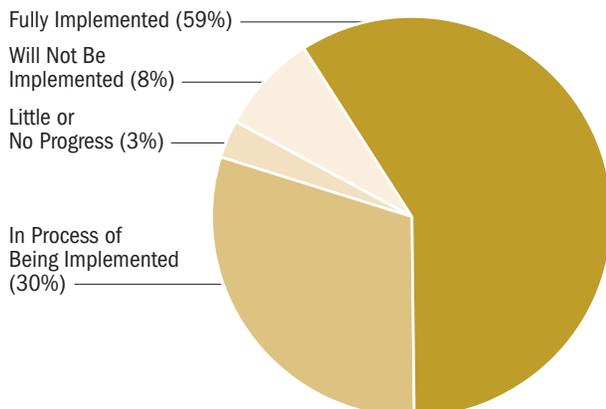
Of the total 869 recommended actions that we expected to be implemented from our 2012, 2013, 2014 and 2015 annual reports, we found that 59% had been fully implemented, as shown in **Figure 1**. Another 30% of the recommended actions were in the process of being implemented. For the remaining 11% of recommended actions, either little or no progress had been made or the auditees determined that the recommendations would no longer be implemented.

**Figure 2** provides a detailed breakdown by year of the status of recommended actions in our 2012, 2013, 2014 and 2015 annual reports.

Last year, in our *2017 Annual Report*, we expressed concern that about half of the 170 recommended actions issued in our *2012 Annual Report*, and over half of the 158 recommended actions issued in our *2013 Annual Report*, had not been implemented. While the combined implementation rate for these years has improved to almost 60%, we remain concerned that about 40% of the recommended actions issued five years ago or more

**Figure 1: Implementation Status of Recommended Actions Issued in Our 2012, 2013, 2014 and 2015 Annual Reports, as of March 31, 2018**

Prepared by the Office of the Auditor General of Ontario



(excluding those that are no longer applicable) have still not been implemented. We are, however, encouraged to see that two-thirds of the recommended actions that we issued in our *2014 Annual Report* and over half of the recommended actions that we issued in our *2015 Annual Report* have been fully implemented.

In **Figure 3**, we show the progress of implementing the recommended actions in each of the 2012, 2013, 2014 and 2015 annual reports, beginning at the initial two-year follow-up (which is discussed in greater detail in **Section 3.7**) and in 2017 and 2018, after we began tracking the implementation rates subsequent to the initial follow-up.

Many of the outstanding recommended actions from our 2012 and 2013 annual reports addressed areas important to Ontarians, such as social services, health care and the protection of children. **Appendix 1** contains a sample of recommendations that we regard as important that have not been implemented.

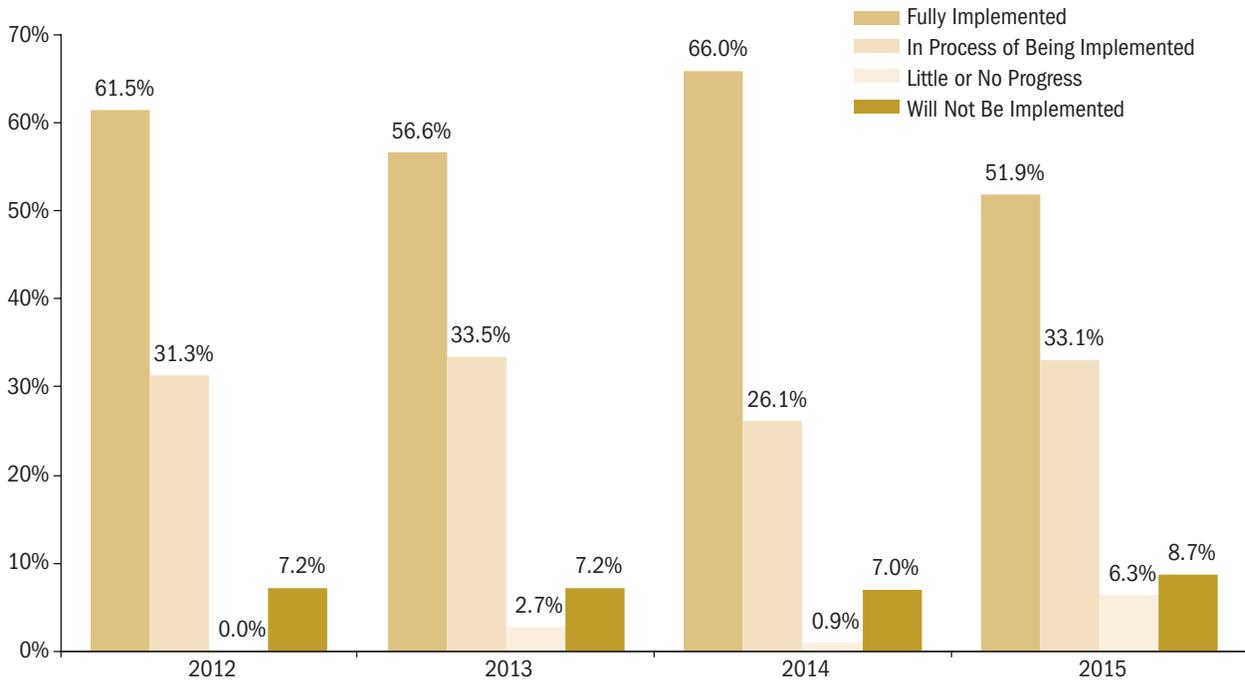
### 3.2 Implementation of Short-Term Recommendations Taking Longer Than Expected

For purposes of analysis, we classified outstanding recommended actions into what we believed were reasonable time frames for ministries, Crown agencies and broader-public-sector organizations to implement: either two years (short-term) or five years (long-term).

With respect to the short-term actions, **Figure 4** shows the number of recommended actions from our 2012, 2013, 2014 and 2015 annual reports and the percentage that were still outstanding in 2017 and 2018. While the number of outstanding short-term actions had decreased from a year ago, 36% of the 60 recommended actions we issued in 2012, 31% of the 74 we issued in 2013, 25% of the 215 issued in 2014, and 44% of the 201 we issued in 2015 were still outstanding. By now, we would have expected all the short-term recommendations from our 2012, 2013, 2014 and 2015 annual reports to be implemented.

**Figure 2: Implementation Status by Year of Recommended Actions Issued in Our 2012, 2013, 2014 and 2015 Annual Reports, as of March 31, 2018**

Prepared by the Office of the Auditor General of Ontario



**Figure 3: Progress of Recommended Actions Issued in Our 2012, 2013, 2014 and 2015 Annual Reports Toward Full Implementation**

Prepared by the Office of the Auditor General of Ontario

| Annual Report Year | Implementation Rate (%) |      |      |
|--------------------|-------------------------|------|------|
|                    | At Two-Year Follow-Up   | 2017 | 2018 |
| 2012               | 20                      | 51   | 62   |
| 2013               | 29                      | 48   | 57   |
| 2014               | 40                      | 48   | 66   |
| 2015               | 36                      | n/a* | 52   |

\* The recommended actions issued in our 2015 Annual Report were not subject to the expanded follow-up work in 2017.

### 3.3 Some Auditees Report Low Implementation Rates

Of the 53 ministries, Crown agencies and broader-public-sector organizations that we audited from 2012 to 2015, 13 had fully implemented 75% or more of our recommended actions, including

seven that had fully implemented all our recommended actions, as shown in **Figure 5**.

The remaining 40 had fully implemented fewer than 75% of our recommended actions, and five of these had implemented fewer than 25%. Examples of specific recommended actions that had not yet been implemented that we believe are important include the following.

#### Ministry of Children, Community and Social Services

This Ministry now comprises the former Ministry of Community and Social Services and Ministry of Children and Youth Services. In total, the Ministry had implemented only 47 of the 110 (43%) recommended actions from audits in 2012, 2013, 2014 and 2015. The audit of the Youth Justice Services Program in our 2012 Annual Report; the audit of Residential Services for People with Developmental Disabilities in our 2014 Annual Report; and the audit of the Child Protection Services Program in

## Figure 4: Short-Term Recommended Actions Outstanding

Prepared by the Office of the Auditor General of Ontario

| Annual Report Year | # Issued | % Outstanding in 2017 | % Outstanding in 2018 |
|--------------------|----------|-----------------------|-----------------------|
| 2012               | 60       | 47                    | 36                    |
| 2013               | 74       | 38                    | 31                    |
| 2014               | 215      | 39                    | 25                    |
| 2015               | 201      | n/a*                  | 44                    |

\* The recommended actions issued in our 2015 Annual Report were not subject to the expanded follow-up work in 2017.

our 2015 Annual Report continue to have the highest number of outstanding recommendations. For example, the Child Protection Services Program that we audited in 2015 had nine actions outstanding of the 12 that we recommended. The Ministry had implemented only 23 of the 62 (37%) recommended actions from these reports.

Some of the outstanding recommendations address access to and quality of care or services; one, for example, recommended that the Ministry complete timely needs assessments for all eligible individuals waiting for residential services.

Another involved the Ministry's oversight of Children's Aid Societies and keeping children in their care safe, such as one calling for the Ministry to review the outcomes of children receiving protection services to identify opportunities to improve these services and ultimately the future of these children.

### Ministry of Health and Long-Term Care

We conducted audits within the Ministry of Health and Long-Term Care in each of the years from 2012 to 2015. We issued 179 recommended actions in 12 audits between 2012 and 2015. In our review this year, we noted that although many actions were in the process of being implemented, only 46% of them had been fully implemented.

Among the actions still outstanding:

- *Palliative Care*—Of the 21 recommended actions we issued in 2014, 18 were still outstanding. These continue to include actions

related to the care provided to patients at home or in the community to keep them out of the hospital. As was noted in our 2017 Annual Report, one action recommended that the Ministry review the distribution of nurse practitioners in order to provide patients with 24/7 access to palliative care at home. We noted another outstanding action that recommended that hospices increase their occupancy rates to serve more patients.

- *Long-Term Care Home Quality Inspection*—Of the 30 recommended actions, 17 remained in the process of being implemented. Many of these outstanding actions relate to monitoring and/or oversight by the Ministry of long-term care homes, such as strengthening enforcement processes to promptly address homes with repeated non-compliance issues, and regularly tracking and monitoring follow-up inspections. Another recommended the Ministry help homes achieve compliance with legislation by sharing best practices between long-term-care homes.

### Ministry of Community Safety and Correctional Services

The Ministry had fully implemented 27 (59%) of the recommended actions, and 19 of the 46 recommended actions were outstanding from two audits conducted in 2012 and 2014: the Ontario Provincial Police audit and the Adult Community Corrections and Ontario Parole Board audit.

**Figure 5: Percentage of Full Implementation of Recommended Actions Issued in Our 2012, 2013, 2014 and 2015 Annual Reports as of March 31, 2018**

Prepared by the Office of the Auditor General of Ontario

| Ministry or Agency   | Implementation Rate (%) |
|--|-------------------------|
| <b>Organizations with more than 31 Recommended Actions</b> |                         |
| Ministry of Economic Development, Job Creation and Trade   | 69                      |
| Ministry of Education                                      | 66                      |
| Hospitals (3) <sup>1</sup>                                 | 66                      |
| Ministry of Energy, Northern Development and Mines         | 63                      |
| Local Health Integration Networks (4) <sup>2</sup>         | 62                      |
| Ministry of Community Safety and Correctional Services     | 59                      |
| School Boards (6) <sup>1</sup>                             | 55                      |
| Universities (5) <sup>1</sup>                              | 52                      |
| Ministry of Health and Long-Term Care                      | 45                      |
| Ministry of Children, Community and Social Services        | 43                      |
| Children's Aid Societies (7) <sup>1</sup>                  | 35                      |
| <b>Organizations with 11–30 Recommended Actions</b>        |                         |
| Ontario Power Generation                                   | 100                     |
| Treasury Board Secretariat                                 | 96                      |
| The Financial Services Commission of Ontario               | 88                      |
| Ministry of Finance  | 82                      |
| Infrastructure Ontario                                     | 79                      |
| Ministry of Environment, Conservation and Parks            | 70                      |
| Metrolinx  | 67                      |
| Ministry of Government and Consumer Services               | 62                      |
| Transportation Consortia (3) <sup>1</sup>                  | 59                      |
| Ontario Energy Board                                       | 50                      |
| Ministry of Transportation                                 | 25                      |
| <b>Organizations with 1–10 Recommended Actions</b>         |                         |
| Independent Electricity System Operator                    | 100                     |
| Ministry of the Attorney General                           | 70                      |
| Ontario Parole Board                                       | 67                      |
| Cancer Care Ontario  | 67                      |
| Ministry of Training, Colleges and Universities            | 50                      |
| Ministry of Infrastructure                                 | 40                      |
| Ministry of Natural Resources and Forestry                 | 22                      |
| Ontario Association of Children's Aid Societies            | 0                       |
| Women's Issues <sup>3</sup>                                | 0                       |

|  |   |
|--|---|
|  | Implementation rate of 75% or more      |
|  | Implementation rate between 50% and 74% |
|  | Implementation rate of less than 50%    |

1. Implementation rates of individual broader-public-sector entities:
  - Hospitals: Hamilton Health Sciences, 71%; Providence Healthcare, 64%; Ottawa Hospital, 62%
  - Universities:
    - University Undergraduate Teaching Quality: University of Ontario Institute of Technology, 75%; Brock University, 43%; University of Toronto, 33%
    - University Intellectual Property: McMaster University, 65%; University of Toronto, 50%; University of Waterloo 44%
  - School Boards: Algoma, 100%; Lakehead, 89%; York Catholic, 60%; Hamilton-Wentworth, 50%; Kawartha Pine Ridge, 25%; Trillium Lakelands, 10%
  - Children's Aid Societies: Districts of Sudbury and Manitoulin, 57%; Family and Children's Services of the Waterloo Region, 57%; Family and Children's Services of Frontenac, Lennox and Addington, 29%; Hamilton, 29%; Simcoe Muskoka Family Connexions, 29%; Toronto, 29%; Durham, 14%
  - Transportation Consortia: Sudbury Consortium, 100%; Peel Consortium, 44%; Toronto Consortium, 33%
2. Community Care Access Centres (CCACs) have been taken over by Local Health Integration Networks (LHINs). The recommendations to LHINs were from the following three audit reports, with the following implementation rates:
  - LHINs—Local Health Integration Networks: 56%
  - Community Care Access Centres—Home Care Program: 52%
  - Long-Term-Care Home Placement Process: This report audited three CCACs (now LHINs) with these implementation rates: Central East, 100%; North East, 100%; and Waterloo Wellington, 100%
3. Previously referred to as the Ministry of the Status of Women.

Note: In our *2015 Annual Report*, we issued 36 recommended actions to Hydro One. However, Hydro One was not included in this list because we no longer have jurisdiction over it.

For example, one still outstanding recommended action from the Adult Community Corrections and Ontario Parole Board audit called on the Ministry to regularly track the availability of and wait times for rehabilitative programs and services for offenders under its supervision across the province; identify areas where assessed offenders' rehabilitation needs are not being met; and address the lack of program availability in these areas.

### 3.4 Improvements Noted in the Implementation of Recommendations This Year as Compared to 2017

From our review this year, we noted improvements in the implementation rates for most of the ministries, Crown agencies and broader-public-sector organizations we audited in 2012 to 2014 when we compared our results to the results we saw last year, as shown in **Figure 6**.

More specifically, of the 37 organizations (formerly 38, prior to ministry amalgamations in June 2018) that were reviewed last year, 13 had now fully implemented 75% or more of our recommendations, which is an increase from seven in 2017. Organizations with more than 10 recommended actions that made the largest improvement toward fully implementing our recommendations included the Ministry of Energy, Northern Development and

Mines; the Ministry of Economic Development, Job Creation and Trade; and school boards.

### 3.5 Certain Types of Recommendations Appear to Take Longer to Implement Than Others

We categorized the recommended actions we issued between 2012 and 2015 by the areas they addressed. A considerable number of our recommended actions related to effectiveness/cost-effectiveness and monitoring and oversight improvements. There are still opportunities for services to be better delivered to achieve value for money. As well, ministries, Crown agencies and broader-public-sector organizations still need to improve the way they monitor and oversee their programs to ensure they are getting value for money.

As **Figure 7** illustrates, the categories with the highest implementation rates are those dealing with human resources, internal controls, information technology, compliance, and efficiency.

The categories that had the lowest implementation rates addressed public reporting, access to care or services, economy/funding or costs, and effectiveness or cost-effectiveness.

**Figure 6: Percentage of Full Implementation of Recommended Actions Issued in Our 2012, 2013 and 2014 Annual Reports**

Prepared by the Office of the Auditor General of Ontario

| Ministry or Agency   | As of 2018 (A) (%) | As of 2017 (B) (%) | Change (A-B) (%) |
|--|--------------------|--------------------|------------------|
| <b>Organizations with more than 31 Recommended Actions</b> |                    |                    |                  |
| Ministry of Economic Development, Job Creation and Trade   | 91                 | 70                 | 21               |
| School Boards (6) <sup>1</sup>                             | 55                 | 36                 | 19               |
| Ministry of Children, Community and Social Services        | 44                 | 31                 | 13               |
| Ministry of Education                                      | 70                 | 57                 | 13               |
| Hospitals (3) <sup>1</sup>                                 | 66                 | 54                 | 12               |
| Ministry of Health and Long-Term Care                      | 42                 | 33                 | 9                |
| Ministry of Community Safety and Correctional Services     | 59                 | 54                 | 5                |
| <b>Organizations with 11–30 Recommended Actions</b>        |                    |                    |                  |
| Ministry of Energy, Northern Development and Mines         | 53                 | 20                 | 33               |
| Ontario Energy Board                                       | 50                 | 33                 | 17               |
| The Financial Services Commission of Ontario               | 88                 | 72                 | 16               |
| Infrastructure Ontario                                     | 79                 | 64                 | 15               |
| Metrolinx  | 67                 | 53                 | 14               |
| Universities (3) <sup>1</sup>                              | 50                 | 42                 | 8                |
| Ministry of Environment, Conservation and Parks            | 70                 | 63                 | 7                |
| Ministry of Finance  | 82                 | 82                 | 0                |
| Ministry of Government and Consumer Services               | 62                 | 62                 | 0                |
| Ontario Power Generation                                   | 100                | 100                | 0                |
| <b>Organizations with 1–10 Recommended Actions</b>         |                    |                    |                  |
| Ministry of Infrastructure                                 | 100                | 0                  | 100              |
| Ministry of Training, Colleges and Universities            | 50                 | 0                  | 50               |
| Ministry of the Attorney General                           | 70                 | 38                 | 32               |
| Cancer Care Ontario  | 67                 | 67                 | 0                |
| Independent Electricity System Operator                    | 100                | 100                | 0                |
| Local Health Integration Networks (3) <sup>2</sup>         | 100                | 100                | 0                |
| Ministry of Natural Resources and Forestry                 | 22                 | 22                 | 0                |
| Ontario Parole Board                                       | 67                 | 67                 | 0                |
| Women's Issues <sup>3</sup>                                | 0                  | 0                  | 0                |

1. Implementation rates of individual broader-public-sector organizations:

- Hospitals:

2017 – Providence Healthcare, 64%; Hamilton Health Sciences, 57%; Ottawa Hospital, 38%  
2018 – Hamilton Health Sciences, 71%; Providence Healthcare, 64%; Ottawa Hospital, 62%

- Universities:

2017 – University of Ontario Institute of Technology, 63%; University of Toronto, 33%; Brock University, 29%  
2018 – University of Ontario Institute of Technology, 75%; Brock University, 43%; University of Toronto, 33%

- School Boards:

2017 – Algoma, 89%; Lakehead, 67%; Hamilton-Wentworth, 30%; Kawartha Pine Ridge, 13%; York Catholic, 10%; Trillium Lakelands, 10%  
2018 – Algoma, 100%; Lakehead, 89%; York Catholic, 60%; Hamilton-Wentworth, 50%; Kawartha Pine Ridge, 25%; Trillium Lakelands, 10%

2. The implementation rates for Local Health Integration Networks are related to an audit report on the following Community Care Access Centres (CCACs), which are now the responsibility of the Local Health Integration Networks:

2017 – Central East, 100%; North East, 100%; Waterloo Wellington, 100%  
2018 – Central East, 100%; North East, 100%; Waterloo Wellington, 100%

3. Previously referred to as the Ministry of the Status of Women.

**Figure 7: Implementation Rate by Category of Actions Recommended in Our 2012, 2013, 2014 and 2015 Annual Reports, as of March 31, 2018**

Prepared by the Office of the Auditor General of Ontario

| Category                            | # of Recommended Actions (A) | # of Recommended Actions Fully Implemented (B) | Implementation Rate (B/A) (%) |
|-------------------------------------|------------------------------|--|-------------------------------|
| Human Resources                     | 11                           | 10   | 91                            |
| Internal Controls                   | 24                           | 21   | 88                            |
| Compliance                          | 65                           | 47   | 72                            |
| Information Technology              | 19                           | 13   | 68                            |
| Efficiency                          | 15                           | 10   | 67                            |
| Monitoring and/or Oversight         | 141                          | 93   | 66                            |
| Collect/Analyze Data                | 38                           | 24   | 63                            |
| Governance                          | 68                           | 42   | 62                            |
| Enforcement                         | 27                           | 16   | 59                            |
| Education/Promotion                 | 34                           | 20   | 59                            |
| Quality of Care or Services         | 56                           | 33   | 59                            |
| Effectiveness or Cost-effectiveness | 192                          | 102  | 53                            |
| Economy/Funding or Costs            | 98                           | 47   | 48                            |
| Public Reporting                    | 15                           | 7  | 47                            |
| Access to Care/Services             | 66                           | 29   | 44                            |

### 3.6 Some Recommendations Will Not Be Implemented

Of the 898 total recommended actions that we issued in the years from 2012 to 2015, 97 (which includes 55 actions that were noted last year) either were no longer applicable or will not be implemented by the relevant ministry, Crown agency or broader-public-sector organization.

In 29 cases (which includes 24 cases noted last year), we agreed with the auditees' rationale for choosing not to implement. In most cases, the main reason was legislative changes resulting in the auditee no longer having responsibility for the recommended actions. In other cases, the auditee used an alternative approach to address the issue identified rather than implementing the specific action noted in our recommendation.

We continue to believe that the remaining 68 (which includes 31 actions that were noted last year) recommended actions that we list in **Appendix 2** should be implemented. About 45% of these

recommended better monitoring/oversight, or addressed the effectiveness or cost-effectiveness of programs or services.

### 3.7 Two-Year Implementation Rate of Value-for-Money Recommendations

Two years after a value-for-money audit is issued, our Office conducts a follow-up audit on the progress made by ministries, Crown agencies and broader-public-sector organizations in implementing our recommendations. As seen in **Figure 3**, the average implementation rate of all organizations at the time of our two-year follow-ups has generally trended upward from 20% in 2012, to 29% in 2013 and 40% in 2014, with a slight decrease in 2015 to 36%.

## 4.0 Follow-Up on Recommendations Issued by the Standing Committee on Public Accounts from 2015 to Early 2017

Starting in 2015, our Office began assisting the Standing Committee on Public Accounts (Committee) in following up on the status of its recommended actions to auditees. The Committee issued 188 recommended actions from March 2015 to March 2017, which we initially followed up on in our 2015, 2016 and 2017 annual reports.

Auditees have fully implemented 65% of the recommended actions issued by the Committee that we expected to be implemented. The remaining 35% are either in various phases of implementation, or the entity determined that the recommended action will not be implemented (as discussed in **Section 4.3**).

**Figure 8** provides a breakdown of the status of the recommended actions issued by the Committee

from March 2015 up to March 2017, by the year we initially followed up on them.

### 4.1 Some Organizations Better Than Others at Implementing Committee Recommendations

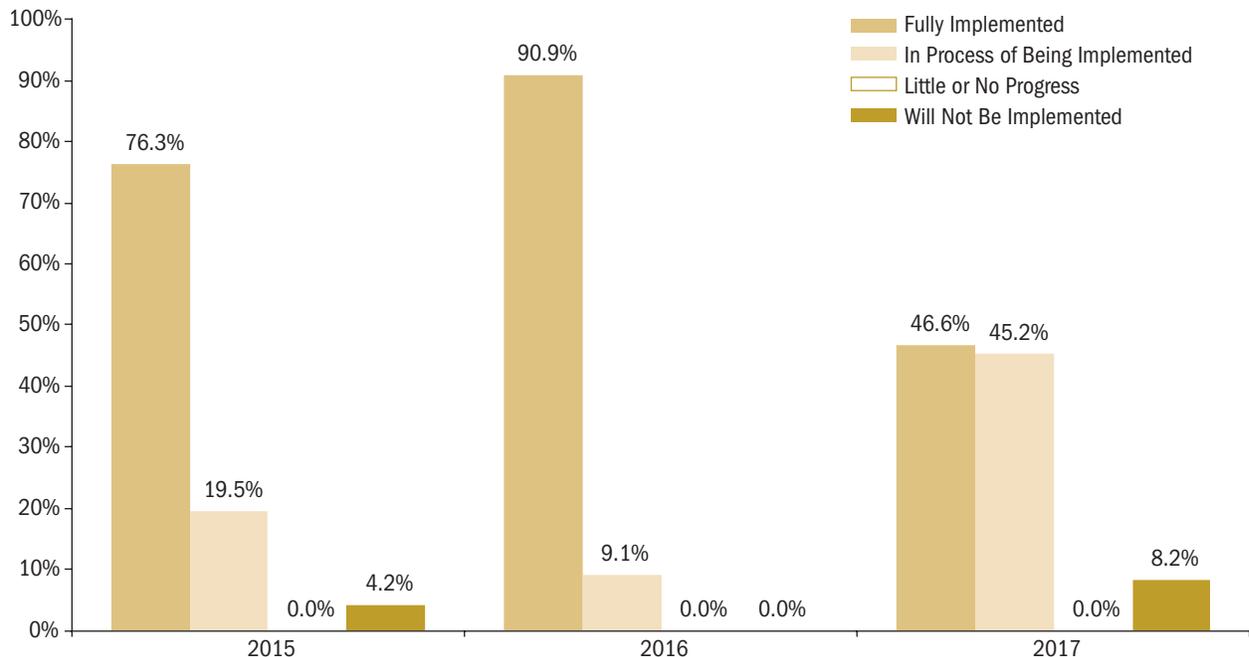
**Figure 9** shows that of the 19 ministries, Crown agencies and broader-public-sector organizations that were the subject of the Committee’s reports tabled between March 2015 and March 2017, nine had fully implemented 75% or more of the Committee’s recommended actions. Four organizations had fully implemented all of the Committee’s recommended actions: Ministry of Training, Colleges and Universities, Ministry of Infrastructure, Independent Electricity System Operator, and Ontario Power Generation. Ten organizations had implemented fewer than 75% of the Committee’s recommended actions.

The 19 ministries and agencies were the subject of the following 16 Committee reports:

- Violence Against Women
- Ontario Power Generation Human Resources

**Figure 8: Implementation Status of Recommended Actions Issued by the Standing Committee on Public Accounts**

Prepared by the Office of the Auditor General of Ontario



Note: Recommended actions are grouped by the year they were included in our annual report.

**Figure 9: Percentage of Full Implementation of Recommended Actions Issued by the Standing Committee on Public Accounts Between March 2015 and March 2017, as of March 31, 2018**

Prepared by the Office of the Auditor General of Ontario

| Ministry or Agency                                  | # of Recommended |                               | Implementation Rate (B/A) (%) |
|---|------------------|-------------------------------|-------------------------------|
|   | Actions (A)      | Actions Fully Implemented (B) |                               |
| Ministry of Training, Colleges and Universities     | 2                | 2                             | 100                           |
| Ministry of Infrastructure                          | 2                | 2                             | 100                           |
| Independent Electricity System Operator             | 2                | 2                             | 100                           |
| Ontario Power Generation                            | 17               | 17                            | 100                           |
| Treasury Board Secretariat                          | 13               | 12                            | 92                            |
| Cancer Care Ontario                                 | 10               | 9                             | 90                            |
| Financial Services Commission of Ontario            | 15               | 13                            | 87                            |
| Infrastructure Ontario                              | 10               | 8                             | 80                            |
| Ministry of Energy, Northern Development and Mines  | 18               | 14                            | 78                            |
| Ministry of Children, Community and Social Services | 11               | 6                             | 55                            |
| Ministry of Education                               | 15               | 7                             | 47                            |
| Ministry of Government and Consumer Services        | 7                | 3                             | 43                            |
| Metrolinx   | 21               | 9                             | 43                            |
| Ministry of Health and Long-Term Care               | 27               | 11                            | 41                            |
| Local Health Integration Networks                   | 5                | 2                             | 40                            |
| Universities (3) <sup>1</sup>                       | 12               | 4                             | 33                            |
| Women's Issues <sup>2</sup>                         | 3                | 0                             | 0                             |

|   |   |
|---|---|
|  | Implementation rate of 75% or more      |
|  | Implementation rate between 50% and 74% |
|  | Implementation rate of less than 50%    |

1. Implementation rates of individual universities: University of Ontario Institute of Technology, 50%; University of Toronto, 25%; Brock University, 25%.
2. Previously referred to as the Ministry of the Status of Women.

Note: In December 2016, the Committee issued 24 recommended actions to Hydro One. However, Hydro One was not included in this list because we no longer have jurisdiction over it.

- Health Human Resources
- Cancer Screening Programs
- Pension Plan and Financial Services
- Alternative Financing and Procurement
- Smart Metering Initiative
- University Undergraduate Teaching Quality
- Education of Aboriginal Students
- Public Accounts of the Province
- Local Health Integration Networks—Home Care Program
- Electricity Power System Planning
- Healthy Schools Strategy
- Metrolinx—Regional Transportation Planning
- ServiceOntario
- Towards Better Accountability—Annual Reporting

## 4.2 Improvements Noted in the Implementation of Committee Recommendations This Year as Compared to 2017

From our review this year, we noted improvements in the implementation rates of the Committee's recommendations that we followed up on last year (for the reports issued between March 2015 and

**Figure 10: Percentage of Full Implementation of Recommended Actions Issued by the Standing Committee of Public Accounts between March 2015 and April 2016**

Prepared by the Office of the Auditor General of Ontario

| Ministry or Agency                                  | As of 2018 (A) (%) | As of 2017 (B) (%) | Change (A-B) (%) |
|---|--------------------|--------------------|------------------|
| Ministry of Training, Colleges and Universities     | 100                | 50                 | 50               |
| Ministry of Children, Community and Social Services | 55                 | 18                 | 37               |
| Financial Services Commission of Ontario            | 87                 | 56                 | 31               |
| Ministry of Education                               | 100                | 83                 | 17               |
| Ministry of Health and Long-Term Care               | 57                 | 43                 | 14               |
| Infrastructure Ontario                              | 80                 | 70                 | 10               |
| Universities (3) <sup>1</sup>                       | 33                 | 33                 | 0                |
| Cancer Care Ontario                                 | 90                 | 90                 | 0                |
| Ministry of Energy, Northern Development and Mines  | 89                 | 89                 | 0                |
| Ministry of Infrastructure                          | 100                | 100                | 0                |
| Ontario Power Generation                            | 100                | 100                | 0                |
| Treasury Board Secretariat                          | 80                 | 80                 | 0                |
| Women's Issues <sup>2</sup>                         | 0                  | 0                  | 0                |

1. Implementation rates of individual universities: University of Ontario Institute of Technology, 50%; University of Toronto, 25%; Brock University, 25%.

2. Previously referred to as the Ministry of the Status of Women.

April 2016) for most of the ministries, Crown agencies and broader-public-sector organizations, as shown in **Figure 10**.

Of the 15 organizations we reviewed last year that were subject to the Committee's reports, nine had fully implemented 75% or more of the Committee's recommendations, which is an increase from six in 2017. This includes two additional ministries that had fully implemented all the Committee's recommendations in 2018: Ministry of Education, and Ministry of Training, Colleges and Universities.

### 4.3 Some Committee Recommendations Will Not Be Implemented

Of the 188 recommended actions that the Committee issued, 18 will either not be implemented by the organizations concerned, or are no longer applicable.

We agreed with the organizations' rationale for eight of the recommended actions that will not be implemented. The main reason they gave us was that legislative changes resulted in the organizations no longer retaining responsibility for the actions recommended, therefore making the recommendations no longer applicable.

However, we still believe the 10 remaining actions in **Appendix 3** should be implemented. These 10 generally required the entity to assess the quality of services provided, or to enhance public reporting.

## Appendix 1: Examples of Recommended Actions from 2012–2013 That Have Not Been Implemented

Prepared by the Office of the Auditor General of Ontario

| Audit Year | Report Section                        | Ministry/ Agency                                    | Rec. # | Recommended Action   | Category of Recommended Action      |
|------------|---------------------------------------|---|--------|--|-------------------------------------|
| 2012       | 3.01 Cancer Screening Programs        | Cancer Care Ontario                                 | 5      | To ensure that Ontarians are receiving quality cancer screening services, Cancer Care Ontario should work with the Ministry to establish monitoring procedures to ensure that quality assurance requirements are met for screening of breast, colorectal and cervical cancers, regardless of whether they are provided under programs established by Cancer Care Ontario or other service providers.   | Quality of care or services         |
| 2012       | 3.03 Diabetes Management Strategy     | Ministry of Health and Long-Term Care               | 4      | To improve co-ordination among diabetes-care providers and access to specialized diabetes care, the Ministry of Health and Long-Term Care should monitor whether people have timely and equitable access to diabetes-care specialists in high demand, such as foot-care specialists, especially where there is evidence that a lack of timely treatment is likely to result in hospitalization.  | Access to care/ services            |
| 2012       | 3.05 Education of Aboriginal Students | Ministry of Education                               | 5      | In order to improve educational outcomes for First Nation students living on reserves, the Ministry of Education (Ministry) and, where applicable, school boards, should separately measure the effectiveness of initiatives implemented to address the unique challenges faced by on-reserve students attending provincially funded schools.  | Effectiveness or cost-effectiveness |
| 2012       | 3.13 Youth Justice Services Program   | Ministry of Children, Community and Social Services | 3      | To help ensure that case-management efforts result in youths obtaining the services and programs needed for rehabilitation, the Ministry of Children and Youth Services should ensure that the required case-file reviews are being done consistently across all probation offices and determine whether there are any systemic issues warranting additional guidance or training.   | Monitoring and/or oversight         |
| 2013       | 3.02 Health Human Resources           | Ministry of Health and Long-Term Care               | 1      | To better meet the health-care needs of Ontarians, the Ministry of Health and Long-Term Care, in conjunction with the HealthForceOntario Marketing and Recruitment Agency, should assess how various factors, including hospital funding and capacity and health-delivery models, affect patients' access to needed services and physician employment, and develop cost effective solutions where concerns are identified.                                     | Economy/funding or costs            |
| 2013       | 3.03 Healthy Schools Strategy         | Ministry of Education                               | 1      | To help ensure that offering healthier food choices in schools contributes to improved student eating behaviours and their goals of improving student health and academic achievement, the Ministry of Education (Ministry) and school boards should capture additional data on the benefits of and challenges to implementing the School Food and Beverage Policy in order to assess the policy's impact and identify areas on which to focus future efforts. | Effectiveness or cost-effectiveness |

| Audit Year | Report Section               | Ministry/<br>Agency  | Rec. # | Recommended Action  | Category of Recommended Action      |
|------------|------------------------------|--|--------|---|-------------------------------------|
| 2013       | 3.04 Land Ambulance Services | Ministry of Health and Long-Term Care                                  | 4      | To promote better-quality land ambulance dispatch services and patient care by paramedics, the Ministry—working in conjunction with municipalities where applicable—should ensure that processes are in place to enable municipal land ambulance services to readily access dispatch information required for patient-care trend analyses and to periodically analyze hospital outcomes for ambulance patients. | Effectiveness or cost-effectiveness |
| 2013       | 3.10 Violence Against Women  | Ministry of Children, Community and Social Services and Women's Issues | 5      | To better ensure that the service needs of abused women and their children are met, the Ministry of Community and Social Services should review the feasibility of implementing a system to determine whether women who are eligible for VAW services but must be referred elsewhere by an agency, because of capacity issues, actually receive the needed services.  | Access to care/ services            |

## Appendix 2: Recommendations from 2012, 2013, 2014 and 2015 Assessed as “Will Not Be Implemented” That the Auditor General Believes Should Be Implemented

Prepared by the Office of the Auditor General of Ontario

| Section                                | Organization                              | Recommendations   | Status                                      | Rationale   |
|--|---|---|---|---|
| <b>2012</b>                            |   |   |   |   |
| 3.02: Criminal Prosecutions            | Ministry of the Attorney General          | <b>Recommendation 3—Action 1</b><br>To ensure that Crown attorneys have the workload flexibility to devote a similar amount of time to charges of a similar nature, the Criminal Law Division should establish benchmarks for what a reasonable workload for each Crown attorney should be.   | Assessed in 2017 as Will Not Be Implemented | Criminal Law Division relies on comparison data and not specific benchmarks. As a result, this recommendation will not be implemented.  |
| 3.05: Education of Aboriginal Students | Ministry of Education                     | <b>Recommendation 2—Action 2</b><br>To obtain the population data necessary to better develop specific support programs, report on results, and identify opportunities to improve Aboriginal student achievement, the Ministry of Education (Ministry) should develop a policy guide for self-identification by Aboriginal teaching and non-teaching staff and oversee the effective implementation of this policy.       | Assessed in 2018 as Will Not Be Implemented | The Ministry implemented an Education Equity Action Plan – a provincial roadmap to identifying and eliminating discriminatory practices, systemic barriers and bias from schools and classrooms. As a part of this Plan, the Ministry will develop guiding principles and standards of practice for the collection of identity-based workforce data, which will include Indigenous self-identification data. This will be developed and implemented instead of a specific policy guide for self-identification by Aboriginal teaching and non-teaching staff. |
|  |   | <b>Recommendation 3—Action 1</b><br>To help assess the progress being made toward achieving the goals and performance measures outlined in the Ontario First Nation, Métis and Inuit Education Policy Framework, the Ministry of Education (Ministry) and school boards should establish a baseline with respect to the goals and performance measures identified in the Framework and set measurable, realistic targets. | Assessed in 2017 as Will Not Be Implemented | The Ministry created baselines and performance targets for three out of the 10 performance measures identified in the Ontario First Nation, Métis and Inuit Education Policy Framework, 2007.<br><br>The Ministry does not have targets or baselines associated with the remaining seven qualitative performance measures. The Ministry uses survey, engagement and program data to assess progress on the qualitative performance measures. Results are publicly reported every three years.   |
|  | Kawartha Pine Ridge District School Board | <b>Recommendation 5—Action 1</b><br>In order to improve educational outcomes for First Nation students living on reserves, the Ministry of Education and, where applicable, school boards, should develop standardized template tuition agreements and guidelines that can be used by all boards and periodically monitor whether valid tuition agreements are in place with all bands.                                   | Assessed in 2017 as Will Not Be Implemented | Kawartha Pine Ridge District School Board stated that the School Board does not use standardized template tuition agreements because it negotiates contracts, which are mutually agreed upon by the board and each of the three First Nations Territories.  |

| Section  | Organization   | Recommendations   | Status                                      | Rationale   |
|--|--|---|---|---|
| 3.06:<br>Independent Health Facilities         | Ministry of Health and Long-Term Care                  | <b>Recommendation 3—Action 3</b><br>To better ensure that independent health facilities are providing services according to quality medical standards established by the College of Physicians and Surgeons of Ontario (College) and are meeting other legislated requirements, the Ministry should consider including additional expectations in its Memorandum of Understanding with the College, such as requiring that assessment results for facilities with significant issues be more promptly reported to the Ministry after the assessment.  | Assessed in 2017 as Will Not Be Implemented | The Ministry has not implemented a deadline. The Ministry indicated that each assessment is unique, and each assessment varies from others. Therefore a deadline is both impractical and may lead to haste that could compromise the thoroughness, comprehensiveness and completeness needed to provide robust and valid report findings and recommendations. The Ministry noted that within the overall assessment timeline, sub-processes are monitored and followed up on to ensure timely responses.  |
| 3.08:<br>Long-term-care Home Placement Process | Ministry of Health and Long-Term Care                  | <b>Recommendation 3—Action 3</b><br>To better ensure that clients have sufficient information on the long-term-care (LTC) home placement process and wait times for LTC home admission, the Ministry of Health and Long-Term Care (Ministry), in conjunction with the Local Health Integration Networks (LHINs) (formerly Community Care Access Centres—CCACs), should promote the public disclosure of information that would help people choose which LTC homes to apply to, such as wait times by home, by type of accommodation—private, semi-private and basic—as provided on one LHIN's website, and wait time by priority level. | Assessed in 2018 as Will Not Be Implemented | The Ministry stated that it does not plan to publish wait times by priority levels. It has publicly disclosed wait times by LTC home and type of accommodation (private, semi-private or basic). The Ministry stated that each LHIN provides information on its website that includes the definition of priority levels, and wait-list information. The Ministry stated that it will update its website to provide comprehensive details on the median number of days for placement, the number of beds for each bed type, the average number of beds available each month and its performance level. |
| 3.10: Ontario Provincial Police                | Ministry of Community Safety and Correctional Services | <b>Recommendation 4—Action 2</b><br>To help ensure that non-policing duties and responsibilities are handled as cost-effectively as possible, the Ontario Provincial Police should establish cost-saving targets and timelines for designating positions to either civilians or officers, depending on the duties of the position.<br><br><b>Recommendation 4—Action 3</b><br>To help ensure that non-policing duties and responsibilities are handled as cost-effectively as possible, the Ontario Provincial Police should reassign officers who are currently in civilian positions back to front-line policing where possible.      | Assessed in 2017 as Will Not Be Implemented | The Ontario Provincial Police (OPP) noted that it will not be establishing cost savings targets and timelines for designating positions to either civilians or officers, depending on the duties of the position, primarily due to HR policy complexities.<br><br>The OPP advised us that the positions are reviewed as they become vacant. In some cases, these positions are held by accommodated officers who might never return to front-line duties. Accommodated members must get medical clearance before returning to front-line duties.  |

| Section   | Organization     | Recommendations  | Status  | Rationale   |
|---|------------------|--|---|---|
|   |                  | <p><b>Recommendation 10—Action 2</b><br/>To help ensure that police resources are focused on the Ontario Provincial Police's key objectives for effective policing, the Ontario Provincial Police should monitor average officer response times to calls for service for each detachment to ensure that adequate response times are achieved, particularly for higher-priority calls and during peak demand periods.</p> <p><b>Recommendation 11—Action 1</b><br/>To help ensure that its two key information systems contain accurate information that can be reliably used for managing and reporting on its policing activities and on crime and traffic occurrences, the Ontario Provincial Police should assess the extent to which the Records Management System and Daily Activity Reporting systems do not reconcile with each other for critical data such as occurrences and calls for services.</p> <p><b>Recommendation 11—Action 2</b><br/>To help ensure that its two key information systems contain accurate information that can be reliably used for managing and reporting on its policing activities and on crime and traffic occurrences, the Ontario Provincial Police should consider whether periodic supervisory approval of officers' daily or weekly data input would help minimize inconsistent and inaccurate data between the two systems.</p> | <p>Assessed in 2014 as Will Not Be Implemented</p> <p>Assessed in 2014 as Will Not Be Implemented</p> <p>Assessed in 2014 as Will Not Be Implemented</p> <p>Assessed in 2018 as Will Not Be Implemented</p> | <p>We were advised that the OPP continues to believe that monitoring response times and possibly establishing targets is problematic, due to significant geographic differences among detachment areas across the province. In addition, the OPP noted that monitoring response times is not a current function of its computer-aided dispatch system.</p> <p>In 2014, the OPP had neither addressed the differences we identified in our 2012 audit report nor put in place plans to reconcile the information between the two databases. As a result, the OPP has increased its risk with respect to the accuracy and reliability of its published information, and the usefulness of its activity-based information for decision-making.</p> <p>The OPP advised us that it had decided not to establish a new requirement that supervisors periodically approve officers' daily or weekly data input, to ensure greater accuracy, since it would be a time-consuming process for supervisory resources that are already fully tasked. The OPP plans to continue its practice of requiring supervisor approval when officers record overtime hours and to ensure weekly that officers have updated the DAR, but they do not check or approve the officer's data entries. The OPP noted that it recently expanded the use of civilian staff to enter data for officers into the RMS and this should result in improved data entry because the civilian staff is directly supervised.</p> <p>Renegotiation of the collective agreement in 2017 was unsuccessful and ownership of course evaluations remain the property of the individual faculty member.</p> |
| 3.12: University Undergraduate Teaching Quality | Brock University | <p><b>Recommendation 1—Action 1</b><br/>To help ensure that administrators and students have sufficient information to make informed decisions, and that all faculty members receive the necessary feedback to maintain or enhance teaching quality, universities should ensure that faculty, including sessional faculty, periodically receive constructive feedback on their teaching effectiveness, and encourage faculty to undertake any necessary professional development.</p>  | Assessed in 2018 as Will Not Be Implemented   |   |

| Section                                       | Organization | Recommendations   | Status                                      | Rationale  |
|---|--------------|---|---|--|
|   |              | <p><b>Recommendation 1—Action 3</b><br/>To help ensure that administrators and students have sufficient information to make informed decisions, and that all faculty members receive the necessary feedback to maintain or enhance teaching quality, universities should provide students with the summarized results of student course evaluations to assist them in making informed decisions on course selection.</p>  | Assessed in 2018 as Will Not Be Implemented | Renegotiation of the collective agreement in 2017 was unsuccessful and ownership of course evaluations remain the property of the individual faculty member.   |
|   |              | <p><b>Recommendation 1—Action 4</b><br/>To help ensure that administrators and students have sufficient information to make informed decisions, and that all faculty members receive the necessary feedback to maintain or enhance teaching quality, universities should ensure that faculty, including sessional faculty, periodically receive constructive feedback on their teaching effectiveness, and encourage faculty to undertake any necessary professional development.</p> | Assessed in 2018 as Will Not Be Implemented | Unsatisfactory teaching quality by sessional faculty can be rectified by the Department Chair meeting with the instructor to conduct an evaluation of the instructor and making suggestions to improve teaching, often resulting in the development of a plan on how the instructor can move forward in their teaching. If teaching performance is unsatisfactory, subsequent teaching contracts may not be awarded. |
| University of Toronto                         |              | <p><b>Recommendation 1—Action 4</b><br/>To help ensure that administrators and students have sufficient information to make informed decisions, and that all faculty members receive the necessary feedback to maintain or enhance teaching quality, universities should ensure that faculty, including sessional faculty, periodically receive constructive feedback on their teaching effectiveness, and encourage faculty to undertake any necessary professional development.</p> | Assessed in 2017 as Will Not Be Implemented | The University indicated that it has no immediate plans to make the annual performance review mandatory for all sessional instructors.   |
| University of Ontario Institute of Technology |              | <p><b>Recommendation 1—Action 3</b><br/>To help ensure that administrators and students have sufficient information to make informed decisions, and that all faculty members receive the necessary feedback to maintain or enhance teaching quality, universities should provide students with the summarized results of student course evaluations to assist them in making informed decisions on course selection.</p>  | Assessed in 2017 as Will Not Be Implemented | The University stated that it will not be posting course evaluations. The University indicated that other actions have been taken to support student decision-making in course selection including implementation of a new calendar to allow students to access course and program information from any device and to see relevant information and course information that is important to their study.              |

| Section                        | Organization                             | Recommendations  | Status                                      | Rationale  |
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|                                |  | <p><b>Recommendation 1—Action 4</b><br/>To help ensure that administrators and students have sufficient information to make informed decisions, and that all faculty members receive the necessary feedback to maintain or enhance teaching quality, universities should ensure that faculty, including sessional faculty, periodically receive constructive feedback on their teaching effectiveness, and encourage faculty to undertake any necessary professional development.</p>  | Assessed in 2018 as Will Not Be Implemented | <p>According to UOIT, formal appraisals are not conducted on every sessional instructor. Deans use their discretion based on a number of factors, including performance on course evaluations and whether the employment contract will continue to determine if a formal performance appraisal of a sessional instructor is warranted.</p> <p>Under the current UOIT sessional faculty collective agreement, section 14.01: The Dean may conduct a performance assessment in the first term a Sessional Lecturer teaches in a Faculty and on a periodic basis after that in consultation with the Sessional Lecturer.</p>  |
| <b>2013</b>                    |  |  |   |  |
| 3.03: Healthy Schools Strategy | Hamilton-Wentworth District School Board | <p><b>Recommendation 1—Action 2</b><br/>To help ensure that offering healthier food choices in schools contributes to improved student eating behaviours and their goals of improving student health and academic achievement, the Ministry of Education (Ministry) and school boards should capture additional data on the benefits of and challenges to implementing the School Food and Beverage Policy in order to assess the policy's impact and identify areas on which to focus future efforts.</p> <p><b>Recommendation 3—Action 1</b><br/>To help encourage healthier eating and increased physical activity among students the Ministry of Education (Ministry) and school boards should further explore opportunities to improve communication with parents and assess the effectiveness of such efforts.</p> | Assessed in 2018 as Will Not Be Implemented | <p>According to the Board, this is not an area that the Board focuses on. The Board implements the Food and Beverage Policy as directed and trains school leaders to do so. Their mandate is not to assess the policy's impact and measure its effectiveness. The Board stated that it believes that the actions required in the recommendation are not the Board's role.</p> <p>The Board stated that it will not assess the effectiveness of its communication efforts with parents.</p> <p>According to the Board, it cannot monitor nutritional choices or physical activity in students' homes and it does not believe it would be appropriate to do so. Parents and families make nutritional choices and encourage physical activity based on their status, culture and values. In addition, the Board does not monitor what students bring to school for lunches or snacks as it believes that this is a breach of privacy and family decision-making.</p> |
|                                | Trillium Lakelands District School Board | <p><b>Recommendation 3—Action 1</b><br/>To help encourage healthier eating and increased physical activity among students the Ministry of Education (Ministry) and school boards should further explore opportunities to improve communication with parents and assess the effectiveness of such efforts.</p>  | Assessed in 2018 as Will Not Be Implemented | <p>The Board stated that it does not believe that surveying parents would provide valid or useful information. It stated that it would continue to explore opportunities to improve communication with parents including multiple feedback options through social media platforms as well as school and board websites.</p>  |

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| 3.06: Private Schools | Ministry of Education | <p><b>Recommendation 1—Action 3</b><br/>To help ensure that private school students receive satisfactory instruction in a safe and healthy environment and to ensure compliance with ministry policy and legislation, the Ministry of Education (Ministry) should revalidate private schools annually or on a cyclical basis to ensure that information provided is correct and to revoke the authority to operate for those schools that do not meet the definition of and general requirements of a private school.</p> | Assessed in 2015 as Will Not Be Implemented                                  | The Ministry stated that it is not considering implementing our recommendation to revalidate all private schools, as their focus is on inspections of credit-granting private schools. For private elementary and non-credit-granting secondary schools, the Ministry will continue to rely on the self-reporting by these schools.  |
|                       |                       | <p><b>Recommendation 1—Action 4</b><br/>To help ensure that private school students receive satisfactory instruction in a safe and healthy environment and to ensure compliance with ministry policy and legislation, the Ministry of Education (Ministry) should provide education officers with access to the Ontario School Information System to, for example, reconcile and validate enrolment.</p>  | Assessed in 2015 as Will Not Be Implemented for non-credit-granting schools  | The Ministry indicated it has no plan to reconcile and validate information submitted by non-credit-granting schools because its focus is on ensuring credit-granting schools are meeting Ministry requirements.   |
|                       |                       | <p><b>Recommendation 1—Action 5</b><br/>To help ensure that private school students receive satisfactory instruction in a safe and healthy environment and to ensure compliance with ministry policy and legislation, the Ministry of Education (Ministry) should identify all private school locations and verify that all locations comply with ministry policy and legislation.</p>  | Assessed in 2015 as Will Not Be Implemented for non-credit-granting schools  | The Ministry continues to allow the 93 additional locations identified by non-credit-granting schools to operate under the Notice of Intention to Operate a Private School for their main sites. The Ministry has no plan to validate or inspect any of these additional locations.  |
|                       |                       | <p><b>Recommendation 4—Action 3</b><br/>To help ensure that sufficient information is submitted to enable effective oversight of the private school sector and compliance with legislation and related policies, the Ministry of Education (Ministry) should analyze data received to highlight potential concerns and to determine if private school students are progressing appropriately.</p>   | Assessed in 2015 as Will Not Be Implemented for non-credit-granting schools  | For non-credit-granting schools, the Ministry does not analyze this data to highlight potential concerns at these schools, as it continues to focus only on credit-granting schools.   |
|                       |                       | <p><b>Recommendation 5—Action 1</b><br/>To help ensure that Ontario secondary school diplomas and Ontario scholar certificates are issued only when they are earned and that adequate controls are in place over their distribution, the Ministry of Education (Ministry) should reconcile the number of diplomas and certificates requested to the number of graduating students reported at each private school, and investigate any unreasonable discrepancies.</p>  | Assessed in 2015 as Will Not Be Implemented for Ontario scholar certificates | Some private schools requested scholar certificates equal to the number of diplomas, suggesting that all of their graduates would achieve an 80% average. The Ministry planned to continue issuing certificates equal to the total number of diplomas issued, and inspectors would verify whether these certificates were awarded to students who have obtained at least an 80% average. |

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| 3.08:<br>Rehabilitation<br>Services and<br>Hospitals | Providence<br>Healthcare | <p><b>Recommendation 7—Action 1</b><br/>To help ensure that private school students receive satisfactory instruction and are provided with the opportunity to realize their potential and develop into highly skilled, knowledgeable citizens, the Ministry of Education (Ministry) should consider options to increase private school participation in standardized testing.</p> <p><b>Recommendation 7—Action 2</b><br/>To help ensure that private school students receive satisfactory instruction and are provided with the opportunity to realize their potential and develop into highly skilled, knowledgeable citizens, the Ministry of Education (Ministry) should analyze test results for private school students and follow-up on any outcomes that suggest these students are not receiving a quality education.</p> | <p>Assessed in 2015 as Will Not Be Implemented</p> <p>Assessed in 2015 as Will Not Be Implemented for Grade 3, 6 and 9 EQAO assessment results</p> | <p>Currently, the Ministry is not considering options to increase private school participation in future standardized testing since changes to legislative authority would be needed to require private schools to participate.</p> <p>The Ministry will not be analyzing Grade 3, 6 and 9 EQAO assessments, as not all private schools participate in these tests and no inspections are undertaken for the private elementary and non-credit-granting secondary schools.</p>                |
|  |                          | <p><b>Recommendation 2—Action 5</b><br/>To better ensure that inpatient rehabilitation meets patients' needs as efficiently and equitably as possible, hospitals should track and monitor information on the time it takes to fill a bed after a patient is discharged.</p> <p><b>Recommendation 3—Action 2</b><br/>To better ensure that patients have timely access to required outpatient services, hospitals should assess the need for, and the costs and benefits of, providing evening and weekend services.</p>  | <p>Assessed in 2015 as Will Not Be Implemented</p> <p>Assessed in 2018 as Will Not Be Implemented</p>  | <p>The hospital indicated that its turnaround time is less than two hours due to advance planning of admissions and discharges taking place on the same day. Therefore, it was not necessary to track the time it takes to fill a bed after a patient is discharged.</p> <p>The hospital stated that at this time it will not be doing an assessment to determine the needs for, and the costs and benefits of, providing evening and weekend services because it currently has capacity.</p> |
|  |                          | <p><b>Recommendation 2—Action 5</b><br/>To better ensure that inpatient rehabilitation meets patients' needs as efficiently and equitably as possible, hospitals should track and monitor information on the time it takes to fill a bed after a patient is discharged.</p> <p><b>Recommendation 3—Action 2</b><br/>To better ensure that patients have timely access to required outpatient services, hospitals should assess the need for, and the costs and benefits of, providing evening and weekend services.</p>  | <p>Assessed in 2015 as Will Not Be Implemented</p> <p>Assessed in 2017 as Will Not Be Implemented</p>  | <p>The hospital indicated that because it plans in advance when patients are admitted and discharged, its turnaround time is less than a day. Therefore, it said it would not be implementing this recommendation.</p> <p>According to the hospital, there is inadequate funding to support evening and weekend hours. Therefore, this recommendation will not be implemented.</p>  |
|  |                          | <p><b>Recommendation 2—Action 5</b><br/>To better ensure that inpatient rehabilitation meets patients' needs as efficiently and equitably as possible, hospitals should track and monitor information on the time it takes to fill a bed after a patient is discharged.</p>  | <p>Assessed in 2015 as Will Not Be Implemented</p>   | <p>The hospital indicated that because it plans in advance when patients are admitted and discharged, its turnaround time is less than a day. Therefore, it said it would not be implementing this recommendation.</p>  |
|  |                          | <p><b>Recommendation 2—Action 5</b><br/>To better ensure that inpatient rehabilitation meets patients' needs as efficiently and equitably as possible, hospitals should track and monitor information on the time it takes to fill a bed after a patient is discharged.</p>  | <p>Assessed in 2015 as Will Not Be Implemented</p>   | <p>The hospital indicated that because it plans in advance when patients are admitted and discharged, its turnaround time is less than a day. Therefore, it said it would not be implementing this recommendation.</p>  |
|  |                          | <p><b>Recommendation 3—Action 2</b><br/>To better ensure that patients have timely access to required outpatient services, hospitals should assess the need for, and the costs and benefits of, providing evening and weekend services.</p>  | <p>Assessed in 2015 as Will Not Be Implemented</p>   | <p>The hospital indicated that because it plans in advance when patients are admitted and discharged, its turnaround time is less than a day. Therefore, it said it would not be implementing this recommendation.</p>  |

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|                              | Hamilton Health Sciences                            | <b>Recommendation 3—Action 2</b><br>To better ensure that patients have timely access to required outpatient services, hospitals should assess the need for, and the costs and benefits of, providing evening and weekend services.  | Assessed in 2018 as Will Not Be Implemented  | The hospital stated that its current Regional Rehabilitation Program Leadership is committed to improving wait times and access to Specialized Outpatient Rehabilitation Services through Quality Improvement initiatives that fit within existing resources. If its quality improvement efforts do not result in improvements, Regional Rehabilitation Program Leadership may consider developing a business case to request additional resources to support the initiatives.<br><br>While the hospital is implementing initiatives to improve wait times and access, we still believe the hospital should also assess the need for, and the costs and benefits of, providing evening and weekend services.   |
| 3.09: Service Ontario        | Ministry of Government and Consumer Services        | <b>Recommendation 1—Action 2</b><br>To help further reduce service delivery costs, ServiceOntario should examine possible changes it could make, including to its pricing strategy, to promote greater use of online transactions.<br><br><b>Recommendation 4—Action 1</b><br>To improve service and security surrounding the issuing and management of licences, certificates, registrations, and permits that it administers, ServiceOntario should ensure that it completes enough guarantor audits for birth certificate applications. | Assessed in 2015 as Will Not Be Implemented<br><br>Assessed in 2015 as Will Not Be Implemented | ServiceOntario informed us that a differential fee structure will not be explored because changes to prices for services require a Minister's order and Treasury Board approval. ServiceOntario also indicated that it has made such requests in the past, though not recently, and they were not approved.<br><br>In 2014, ServiceOntario completed an analysis of the effectiveness of guarantor audits for birth certificate applications and determined that the random audit of guarantors did not add value to the existing application screening process for verifying the eligibility of applicants. ServiceOntario indicated that the existing guarantor audit process is only used to verify the credentials of the guarantor, not to verify that the applicant is entitled to a birth certificate or that the information provided about the applicant is correct. The audit process was therefore eliminated in August 2014. |
|                              |   | <b>Recommendation 6—Action 2</b><br>ServiceOntario should also periodically test its copy of the land registry program software.   | Assessed in 2015 as Will Not Be Implemented  | ServiceOntario has decided not to periodically independently test the source code because the cost is too high. Instead, it will rely on annual audits by an external auditor to continue to validate that Teranet's operating controls over electronic land registration services are effective.  |
| 3.10: Violence Against Women | Ministry of Children, Community and Social Services | <b>Recommendation 2—Action 1</b><br>To help ensure that the services provided by transfer payment agencies to abused women and their children are of an acceptable and reasonably consistent quality standard, the Ministry of Community and Social Services should establish acceptable quality standards for shelter services, particularly with regard to minimum staffing levels.  | Assessed in 2017 as Will Not Be Implemented  | The Ministry stated that it will not implement minimum staffing levels. The Ministry noted that, at the day-to-day operational level, agencies are in the best position to determine staffing configurations and levels that are cost-effective and meet or exceed expectations in delivering services to women in need. Each shelter develops its own operational procedures for appropriate staffing levels according to its specific resources, needs of residents and staff, programs delivered, and priorities, and is required to report staffing and salary costs.  |

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|  |                       | <p><b>Recommendation 5—Action 1</b><br/>To better ensure that the service needs of abused women and their children are met, the Ministry of Community and Social Services should require agencies to maintain wait-list information for their services.</p>  | Assessed in 2017 as Will Not Be Implemented                              | The Ministry consulted with the Violence Against Women (VAW) Stakeholder Advisory Group on the feasibility of collecting additional information on wait lists for all VAW agencies and programs, as well as any methodologies they may already use to collect this information. The VAW Stakeholder Advisory Group emphasized that there are many challenges to maintain wait lists and that VAW agencies need the flexibility to determine how best to meet the needs of their clients given the resources available to them. Wait lists may also not be relevant to all types of VAW services. As a result of these consultations, the Ministry does not have plans to collect wait-list data in addition to the information already being collected in the Transfer Payment Budget Package and the VAW Client Satisfaction survey. |
| <b>2014</b>  |                       |  |  |   |
| 3.01: Adult Community Corrections and Ontario Parole Board | Ontario Parole Board  | <p><b>Recommendation 9—Action 2</b><br/>In order to help more inmates reintegrate into society while protecting public safety and reducing incarceration costs and overcrowding in correctional facilities, the Ontario Parole Board should work collaboratively with the Ministry of Community Safety and Correctional Services to track and assess the delays in completing the parole and temporary absence program applications and the reasons for the high denial rates for parole, using this information to streamline the processes and improve the quality of applications from inmates.</p> | Assessed in 2018 as Will Not Be Implemented                              | The portion of the recommendation that is the responsibility of the Ontario Parole Board is “to track and assess the reasons for the high denial rates for parole, and to use this information to streamline the processes and improve the quality of applications from inmates.” According to the Ontario Parole Board, it reviews each application for parole and temporary absence on its own merits and a decision is rendered in accordance with the legislation. It stated that it would be inappropriate for the tribunal to formally review or comment on systemic patterns in hearing outcomes; or to provide commentary or analysis about any systemic delays in the parole system or denial rates, as this falls outside of the scope of the mandate of the tribunal.  |
| 3.02: Child Care Program (Licensed Daycare)                | Ministry of Education | <p><b>Recommendation 3—Action 2</b><br/>To ensure that child care operators are inspected in a timely manner to verify that they maintain compliance with legislative requirements and deliver services to children in a healthy, safe environment, the Ministry of Education should identify high-risk operators and develop a risk-based approach for determining how often these and other child care operators should be inspected.</p>  | Assessed in 2016 as Will Not Be Implemented for home child care agencies | The Ministry is not implementing the tiered system for licensed home child care agencies. It inspects these agencies annually and relies on the agencies to inspect the home child care premises they oversee at least once every quarter, as required by legislation.  |

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|   |  | <p><b>Recommendation 3—Action 4</b><br/>To ensure that child care operators are inspected in a timely manner to verify that they maintain compliance with legislative requirements and deliver services to children in a healthy, safe environment, the Ministry of Education should schedule visits in a way that minimizes timing predictability.</p> <p><b>Recommendation 7—Action 1</b><br/>To help ensure the delivery of a high-quality, accessible and co-ordinated child care system in Ontario that encourages child cognitive, language and social development, the Ministry of Education should re-evaluate the education requirement for program advisors on a go-forward basis to consider their education level and experience with child care operations.</p> | <p>Assessed in 2016 as Will Not Be Implemented for home child care agencies</p> <p>Assessed in 2017 as Will Not Be Implemented</p> | <p>Licence renewal inspections for existing operators continue to be performed only after the operator has submitted a licence renewal form because, the Ministry said, it prefers to conduct inspections only if it knows the operator will continue to deliver the service.</p> <p>Tiered licensing will not be implemented for child care centres that have been operating for less than three years and for licensed home child care agencies.</p> <p>The Ministry indicated that the education requirement for Program Advisors was re-evaluated in 2016; however, the Ministry did not provide a copy of the re-evaluation analysis and final Ministry recommendations.</p> <p>The Ministry noted that there is ongoing training and operational support for licensing staff, and performance assessments to ensure that program advisors effectively perform their job responsibilities.</p> <p>In addition, the Ministry noted that ECE designated Senior Program Advisors provide oversight and training of Program Advisors.</p> <p>There are no plans to conduct a further evaluation.</p> |
|   |  | <p><b>Recommendation 9—Action 6</b><br/>To help reduce the risk to the health and safety of children at child care facilities and to appropriately address, report and analyze serious incidents, the Ministry of Education should consider posting serious occurrences online where parents can readily access them.</p>  | <p>Assessed in 2016 as Will Not Be Implemented</p>   | <p>The Ministry decided it would not implement this recommendation. It told us that the posting of serious occurrences online would require in-depth consultations with its stakeholders and legal counsel, and may not provide good information to parents because it does not include follow-up information. It also told us that it may create a disincentive for operators to report serious occurrences.</p>   |
| 3.03: Pension Plan and Financial Service Regulatory Oversight | The Financial Services Commission of Ontario | <p><b>Recommendation 5—Action 4</b><br/>To ensure that pension plan members get more detailed disclosures about their pensions, and about the regulatory oversight performance of the Financial Services Commission of Ontario (FSCO), the FSCO should assess how well their plan performed and was administered in comparison to other plans.</p>   | <p>Assessed in 2016 as Will Not Be Implemented</p>   | <p>In our 2014 audit, we found that although the FSCO published annual data about the size and number of pension plans in Ontario, as well as the overall solvency position of defined-benefit plans, it did not publish detailed information on individual plans.</p> <p>The FSCO said it did not intend to publish information about individual pension plans to preserve confidentiality. Plan members can compare their plan's performance against others in Ontario as a whole using information that is already public.</p>   |

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| 3.04:<br>Immunization | Ministry of Health and Long-Term Care | <p><b>Recommendation 4—Action 1</b><br/>To help prevent outbreaks by ensuring that a sufficient percentage of Ontario's population, including children, is vaccinated, the Ministry of Health and Long-Term Care should—together with improving the completeness and accuracy of the data tracked by Panorama's immunization registry—do the following: harmonize the immunization requirements, including the vaccination, exemption and suspension processes, between schools and daycare centres by exploring the possibility of developing one overall piece of legislation to address disease prevention and infection control in daycares and schools, as recommended in the 2014 Immunization System Review.</p> <p><b>Recommendation 6—Action 2</b><br/>To ensure that Ontarians can easily access information on the risks and benefits of immunizations, the Ministry of Health and Long-Term Care should determine whether the bonus payments currently made to certain physicians are resulting in improved immunization rates in a cost-effective manner.</p> <p><b>Recommendation 8—Action 1</b><br/>If there is support for the efficacy of the influenza vaccine to reduce the transmission of influenza, to help reduce the risk of hospitalized patients contracting influenza, the Ministry of Health and Long-Term Care (Ministry) should consider requiring hospital staff to either be immunized or wear a mask, similar to the practice in British Columbia, and monitor compliance. This could possibly be established in agreements between the Ministry and Local Health Integration Networks (LHINs), and LHINs and hospitals.</p> | <p>Assessed in 2018 as Will Not Be Implemented</p> <p>Assessed in 2018 as Will Not Be Implemented</p> <p>Assessed in 2018 as Will Not Be Implemented</p> | <p>According to the Ministry, it did not consider an overall piece of legislation. The Ministry has taken an alternative approach, which is to ensure there is alignment between the <i>Immunization of School Pupils Act (ISPA)</i> and <i>Child Care and Early Years Act (CCEYA)</i>. There were areas where harmonization was not appropriate, such as the required vaccines and the specific schedule of immunizations varying by age between infants in child care and those attending school. The Ministry has made efforts to align terminology as appropriate and clarify the role of medical officers of health. The Ministry will continue to review and harmonize, where appropriate, across the ISPA and CCEYA with the Ministry of Education.</p> <p>In our <i>2016 Annual Report</i>, it was noted that any future change to the immunization bonus program would be subject to the Ministry's negotiations with the Ontario Medical Association. During the 2018 follow-up, according to the Ministry, there were no changes to the bonus structure. The Ministry continues to pay family physicians up to \$2,200 for immunizing 95% of the children in their practice.</p> <p>At this time, the Ministry will not be developing legislation or other requirements to require a "vaccinate or mask" policy in Ontario hospitals. According to the Ministry, the Health Care Workers Influenza Immunization Executive Steering Committee reported that "at this time, insufficient evidence, lack of agreement on the significance of the existing evidence limited the panel's ability to formulate a consensus view on establishing a mandatory policy in Ontario." The Ministry will continue to monitor the evidence related to vaccinate or mask policies to inform any future changes to the Ministry's position, including the results of the Toronto Academic Health Science Network hospital study.</p> |

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|  |                               | <p><b>Recommendation 9—Action 2</b><br/>To help prevent health-care providers from administering a duplicate influenza vaccine to people who have already been vaccinated and to identify erroneous duplicate billings, the Ministry should review and revise its claims payment systems to reject billings from health-care providers for patients who have already received their influenza vaccine.</p>                            | <p>Assessed in 2016 as Will Not Be Implemented</p> | <p>In May 2015, the Ministry implemented changes to its billing system, which now disallows payments for flu vaccinations outside of the flu season (September to May), and payments for a third immunization for the same person within a flu season. The Ministry indicated that payments for duplicate immunizations continue to be allowed since some patients, such as those with a compromised immune system, may require two doses within one season. We noted in our 2014 audit that only a minority of patients legitimately require two vaccine shots to create immunity against the flu. However, the Ministry does not intend to revise its claim system to reject duplicate payments because the Ministry has concluded that duplicate physician billings for the flu vaccine occur too infrequently to warrant such measures.</p> |
|  |                               | <p><b>Recommendation 9—Action 3</b><br/>To help prevent health-care providers from administering a duplicate influenza vaccine to people who have already been vaccinated and to identify erroneous duplicate billings, the Ministry should periodically compare payments made to physicians for administering the influenza vaccine to those made to pharmacists, and follow up on duplicate payments made for the same patient.</p> | <p>Assessed in 2017 as Will Not Be Implemented</p> | <p>It is the Ministry's position that the incidence of duplicate billing is very low, and the financial impact is minimal. The Ministry will compare the data for future influenza seasons to detect any duplicate billings.</p> <p>The Ministry will not implement the recommendation as worded.</p>   |
|  |                               | <p><b>Recommendation 10—Action 2</b><br/>To enable meaningful analysis of adverse events following immunization and to help prevent future adverse events, the Ministry of Health and Long-Term Care, in conjunction with Public Health Ontario, should collect information on health-care providers who have administered vaccines associated with adverse events.</p>   | <p>Assessed in 2018 as Will Not Be Implemented</p> | <p>Changes were made to the Health Protection and Promotion Act (HPPA) to strengthen vaccine safety monitoring in Ontario, by expanding the list of health care providers who are required to report adverse events following immunization (AEFI) and by requiring adverse events to be reported for all vaccines authorized for use in Canada.</p> <p>According to the Ministry, the name of the health care provider who administered the vaccine potentially associated with an AEFI was not included in the HPPA. This element was not included due to the potential for it to deter health care providers from reporting AEFI and providing vaccines, which could negatively impact access to vaccination and coverage rates.</p>  |
| <p>3.05: Alternative Financing and Procurement</p> | <p>Infrastructure Ontario</p> | <p><b>Recommendation 3—Action 1</b><br/>Infrastructure Ontario should ensure that all proposed changes to its VFM assessment methodology, including its plan to increase the base cost on the public-sector comparator side by up to 13.3% to reflect value-added innovations that the private sector may be bringing to projects, can be and are fully supported and can sustain scrutiny.</p>                                       | <p>Assessed in 2017 as Will Not Be Implemented</p> | <p>According to Infrastructure Ontario, it continues to incorporate the innovation adjustment in all projects and believes that changes made within its value-for-money methodology are supported. In our 2016 <i>Annual Report</i>, our Office questioned the assumptions made to arrive at the innovation adjustment.</p> <p>Infrastructure Ontario stated that it will not be undertaking any future work with regard to this recommendation.</p>  |

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| 3.09: Provincial Nominee Program                                      | Ministry of Economic Development, Job Creation and Trade | <p><b>Recommendation 1—Action 4</b><br/>To ensure that the Provincial Nominee Program is achieving its expected outcome of nominating candidates who will be of benefit to the economic development of Ontario and have a strong likelihood of becoming economically established in Ontario, the Ministry of Citizenship, Immigration and International Trade should define acceptable forms of local recruitment effort, and require employers hiring international students to prove attempts to recruit Canadian citizens or permanent residents located in Ontario.</p> <p><b>Recommendation 3—Action 5</b><br/>To ensure that only qualified individuals are nominated and to detect misrepresentation, the Ministry of Citizenship, Immigration and International Trade should assign nominee applications from the same employer to the same processing staff.</p> <p><b>Recommendation 7—Action 4</b><br/>To ensure that all investment component applications are consistently assessed on how well they achieve program objectives, the Ministry of Citizenship, Immigration and International Trade should explore advertising Program criteria in media that reach ethnic groups that commonly use the Program, and monitor such media for questionable advertisements relating to the Program.</p> | <p>Assessed in 2018 as Will Not Be Implemented</p> <p>Assessed in 2016 as Will Not Be Implemented</p> <p>Assessed in 2016 as Will Not Be Implemented</p> <p>Assessed in 2018 as Will Not Be Implemented</p> | <p>According to the Ministry, the objective of the international student with job offer stream is to retain highly sought after international students with degrees, diplomas and certificates from a Canadian post-secondary institution, and who have the Canadian education and skills to match individual employer needs and respond to labour market demand.</p> <p>Therefore, changes to the Employer Job Offer – International Students stream are not contemplated at this time.</p> <p>The Ministry informed us that it cannot always assign nominee applications from the same employer to the same processing staff because of staff turnover and workload management.</p> <p>The Ministry had not explored advertising Program criteria in media that reach ethnic groups. Instead, the Ministry contracts a media monitoring firm to provide summaries of news stories in Ontario that are related to the Program, including those targeting ethnic groups and in languages other than English and French.</p> <p>The Ministry indicated that it ensures that its website contains current Program information, but that it would be challenging to monitor advertisements in local ethnic media to ensure that Program information is accurately advertised to potential applicants.</p> <p>According to the Ministry, making wait times public would not increase transparency or accountability due to complexities in placement. Placement is based on the Prioritization Tool (and primarily on the risk of homelessness) instead of wait times.</p> |
| 3.10: Residential Services for People with Developmental Disabilities | Ministry of Children, Community and Social Services      | <p><b>Recommendation 5—Action 3</b><br/>To improve the management of wait times for residential services for people with developmental disabilities, the Ministry of Community and Social Services should consider making wait times public to increase transparency and accountability.</p>  | Assessed in 2018 as Will Not Be Implemented   | According to the Ministry, making wait times public would not increase transparency or accountability due to complexities in placement. Placement is based on the Prioritization Tool (and primarily on the risk of homelessness) instead of wait times.   |

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|                                 |  | <p><b>Recommendation 7—Action 1</b></p> <p>To help ensure the well-being of people with developmental disabilities living in Ministry-funded residences, the Ministry of Community and Social Services should establish further standard-of-care benchmarks, such as staff-to-resident ratios and the minimum number of times a year that each resident should be seen by health professionals such as physicians and dentists.</p> | Assessed in 2016 as Will Not Be Implemented | <p>The Ministry stated that people with developmental disabilities have a wide range of needs—some need minimal support (e.g., for learning how to take public transportation independently or addressing personal issues as they arise) and others need intensive support (e.g., 24/7 support with all aspects of daily living, and to manage challenging behaviours, such as self-harm). Therefore, it is difficult for the Ministry to accurately set a standard for staff-to-client ratios that is meaningful and appropriate for people who live in developmental services settings or participate in other Ministry-funded programs.</p> <p>The Ministry feels minimum standards are not needed because it already requires that funded service agencies develop an individual support plan for every person receiving services, and that these plans identify the community resources that may be required or accessed by the individual, including medical resources.</p> |
| 3.11: Smart Metering Initiative | Ministry of Energy, Northern Development and Mines | <p><b>Recommendation 1—Action 2</b></p> <p>To ensure that any future major initiative in the electricity sector is implemented cost-effectively and achieves its intended purposes, the Ministry of Energy should review the role of the Ontario Energy Board as an independent regulator when ministerial directives that impact electricity rates are issued.</p>   | Assessed in 2016 as Will Not Be Implemented | <p>The <i>Energy Statute Law Amendment Act, 2016</i>, proclaimed into force on July 1, 2016, changed the electricity planning process in Ontario. Under the new legislation, the Ministry is responsible for developing and updating Long-Term Energy Plans for Ontario while the Ontario Energy Board (OEB) is responsible for preparing an implementation plan when the Ministry requests it. The Ministry will not implement this recommendation because the new long-term energy planning process does not enable the OEB to review and approve the Ministry's plans as an independent regulator.</p>   |

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|         |              | <p><b>Recommendation 2—Action 3</b><br/>To ensure that the combination of smart meters and time-of-use (TOU) pricing is effective in changing ratepayer electricity-usage patterns to reduce peak electricity demand and related infrastructure costs, and that ratepayers understand the impacts of TOU pricing on their electricity bills, the Ministry of Energy should work with the Ontario Energy Board and/or the distribution companies to disclose the components of the TOU rates (electricity market price and Global Adjustment) separately on electricity bills so that the impact of the Global Adjustment is transparent to ratepayers.</p> | Assessed in 2016 as Will Not Be Implemented | <p>The OEB has considered our recommendation, but decided not to implement it. The Global Adjustment is a component of the cost of electricity and is incorporated into the setting of TOU prices. The OEB does not believe a breakdown of TOU prices would clarify pricing for consumers but likely to create more confusion. It does not think that showing the Global Adjustment as a separate line item will help consumers make decisions about electricity consumption and how to manage their electricity costs. Instead, it believes consumers are focused on their TOU usage when making decisions about how to reduce their electricity costs. Instead of showing the Global Adjustment as a separate line item on the electricity bill, the Independent Electricity System Operator (IESO) publicly reports the Global Adjustment breakdown by business and consumer categories. It also indicated that it will conduct pilots to assess other changes to make the electricity bills easier to understand.</p> <p>The OEB has limited ability to mandate changes to the electricity bills of low-volume consumers because they are governed by Ontario regulations. The OEB noted that consumers have access to information regarding the cost of the Global Adjustment through the IESO's publicly available market price website. The OEB's Regulated Price Plan Reports also provide details on estimates of the Global Adjustment costs and how those costs are allocated to the three TOU periods.</p> |
|         |              | <p><b>Recommendation 5—Action 1</b><br/>To improve cost-efficiency of the distribution companies and reduce variations in distribution companies' costs, the Ministry of Energy, in conjunction with the Ontario Energy Board, should formally conduct a cost-benefit analysis into consolidating distribution companies as recommended by the Ontario Distribution Sector Review Panel.</p>   | Assessed in 2016 as Will Not Be Implemented | <p>The Ministry advised us that although the government will not legislate or force consolidation within the distribution sector, it has created incentives for voluntary consolidation. In June 2015, the Ontario Government announced a time-limited relief on taxes pertaining to transfers of electricity assets, such as transactions involving the merger or acquisition of distribution companies. Between January 1, 2016, and December 31, 2018, the provincial transfer tax rate of local distribution companies will be reduced from 33% to 22%, and distribution companies with fewer than 30,000 customers will be completely exempt from paying transfer taxes.</p>  |

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| 3.01: Home Care Program                            | Ministry of Health and Long-Term Care                    | <b>Recommendation 7—Action 3</b><br>To ensure Ontarians receive equitable and appropriate levels of home-care services, the Ministry of Health and Long-Term Care, in conjunction with the Local Health Integration Networks and the Community Care Access Centres (CCACs), should consider establishing a minimum level of services that clients can expect to receive from CCACs.  | Assessed in 2018 as Will Not Be Implemented | The Ministry stated that Ontario has considered establishing minimum levels of services and it provided us with the Levels of Care Expert Panel report. This report recommended maximum hours, but did not have an analysis or discussion of establishing minimum hours. The Ministry stated that as per the Expert Panel, publicly funded home and community care services are meant to complement the support provided by caregivers.  |
| 3.02: Child Protection Services                    | Ministry of Children, Community and Social Services      | <b>Recommendation 4—Action 2</b><br>To ensure the effective and efficient delivery of child protection services in accordance with legislative, regulatory, and policy and program requirements, the Ontario Association of Children's Aid Societies should work with the Ministry of Children and Youth Services to determine what impact the differences in supports provided by Societies have on the quality of child protection services across the province, and develop a plan to ensure that children and families have equitable access across Ontario to the supports they need. | Assessed in 2017 as Will Not Be Implemented | Since our 2015 audit, the Association has facilitated sessions between Societies to determine the reasons for differences in service. However, the Association has not received the Ministry's support to conduct a comprehensive analysis of the impact of these differences. The Ministry stated that it is up to the Association and the Societies to act on this recommendation, as the Ministry believes each Society should develop staffing models that address its unique needs. The Ministry has committed to reviewing the funding model in 2017/18, including the allocation of funding according to each Society's needs.                |
| 3.04: Economic Development and Employment Programs | Ministry of Economic Development, Job Creation and Trade | <b>Recommendation 1—Action 1</b><br>To foster the best use of government funding to help businesses succeed within a prosperous Ontario economy, the Ministry of Economic Development and Growth should develop a comprehensive strategy for economic development and employment programs that establishes and publicly communicates targets by sector and geographic region to enable an evaluation of the effectiveness of the funding it provides.  | Assessed in 2018 as Will Not Be Implemented | The Ministry has developed the Business Growth Initiative, which is a high-level and overarching strategy. The Ministry indicated that this strategy does not lend itself to the establishment of targets by sector and geographic regions.<br><br>According to the Ministry, it does not intend to establish targets by sector and geographic region for individual key performance indicators (KPIs). The Ministry has worked with various regional stakeholders to develop strategies for regions in the province. These will include priorities and action plans, along with metrics to evaluate outcomes and progress, specific to each region. |
|  |  | <b>Recommendation 1—Action 4</b><br>To foster the best use of government funding to help businesses succeed within a prosperous Ontario economy, the Ministry of Economic Development and Growth should develop a comprehensive strategy for economic development and employment programs that integrates the activities of other key ministries responsible for areas that impact on the economy, such as corporate income tax, immigration and electricity rates.  | Assessed in 2017 as Will Not Be Implemented | The Ministry has informed us that it does not have the authority to integrate corporate income tax, immigration and electricity rates because these activities are under the mandate of other ministries. The Ministry informed us that it collaborates with these other ministries through working groups and committees.   |

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|   |  | <p><b>Recommendation 2—Action 1</b><br/>To ensure appropriate oversight and co-ordination of economic development and employment funding, the Ministry of Economic Development and Growth should seek to become the lead ministry responsible for overseeing and achieving a comprehensive provincial strategy for corporate income tax incentives for businesses.</p> <p><b>Recommendation 5—Action 1</b><br/>The Ministry of Economic Development and Growth should consider adding greater transparency in accepting applications from all qualifying businesses. Such an approach could entail publicly communicating information on Funds to the general public, associations, and targeted industries to ensure that all qualifying businesses are aware of the programs.</p> | Assessed in 2017 as Will Not Be Implemented | As noted in the above <b>Recommendation 1</b> , the Ministry has indicated that it does not have the authority to integrate corporate income tax into its oversight of economic development and economic programs in the province.   |
|   |  | <p><b>Recommendation 9—Action 2</b><br/>To ensure that communications of project results to the public are accurate and complete, the Ministry of Economic Development and Growth should publicly report on its website accurate actual results for each project compared to commitments and targets previously announced.</p>  | Assessed in 2018 as Will Not Be Implemented | <p>The Ministry has indicated that the Jobs and Prosperity Fund will remain an invitation-based process because the Ministry intends to target organizations that it believes are good candidates for funding, and that meet the program eligibility criteria. The Ministry contact information, consisting of its telephone number and email address, is still publicly available, and the Ministry indicated that interested applicants can make inquiries to the Ministry about the Fund. The Ministry has also added a “request a conversation” button on its website.</p> <p>In the 2017 follow-up audit, the Ministry stated that it does not make public the actual results of funded projects, such as the actual number of jobs created and retained compared to the contract commitment due to concerns regarding commercial sensitivity. The Ministry also stated that it does not intend to release individual project results. However, the Ministry informed us that it will make public the overall actual results by Fund and by industry by March 31, 2018.</p> |
| 3.05: Electricity Power System Planning | Ministry of Energy, Northern Development and Mines | <p><b>Recommendation 1—Action 2</b><br/>To ensure that electricity power system planning better protects the interests of electricity consumers, the Ministry of Energy should comply with provincial legislation and require full technical plans to be prepared on time and ensure that they are submitted to the Ontario Energy Board for review and approval.</p>   | Assessed in 2017 as Will Not Be Implemented | <p>The <i>Energy Statute Law Amendment Act, 2016</i>, which passed subsequent to our 2015 audit, has changed the electricity planning process in Ontario. The IESO, as required, submitted the Ontario Planning Outlook technical report to the Ministry on September 1, 2016. Under the new legislation, the Ministry is responsible for developing the Long Term Energy Plan (LTEP) after thorough consideration of the technical report and feedback obtained through public consultation.</p> <p>While a public consultation process has been put in place as part of the development of the LTEP, the IESO’s technical report and the LTEP are not required to be submitted to the OEB for review and approval. The OEB is only responsible for preparing an implementation plan when the Ministry requests it to ensure that the government’s goals and expectations outlined in the LTEP are implemented. In other words, the new long-term energy planning process does not enable the OEB to review and approve the plans as an independent regulator.</p>              |

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| 3.08:<br>LHINs—Local<br>Health<br>Integration<br>Networks | Ministry of<br>Health and<br>Long-Term<br>Care | <b>Recommendation 3—Action 2</b><br>To help ensure that patients across the province receive consistent levels of care, the Ministry of Health and Long-Term Care should develop the provincial plan on health-care needs in rural and northern communities according to its commitment in 2007.   | Assessed in<br>2018 as Will Not<br>Be Implemented | The Ministry stated that a provincial plan will not be implemented. It has implemented initiatives to address the health care needs of rural and northern residents. The Ministry stated that it is committed to building an equitable health care system where Ontarians have access to services regardless of their geographic locations.   |
|   |  | <b>Recommendation 5—Action 1</b><br>To ensure that Local Health Integration Networks (LHINs) are assessed objectively and comprehensively on their operational effectiveness and for all health sectors that they manage, the Ministry of Health and Long-Term Care should develop LHIN-specific performance targets that reflect current evidence-based benchmarks. | Assessed in<br>2018 as Will Not<br>Be Implemented | Rather than LHIN-specific performance targets, the Ministry has established common or provincial targets that all LHINs are expected to demonstrate improvement toward. The revised performance measures and targets allow the Ministry to compare deficiencies in the LHINs based on a provincial benchmark. The Ministry's implementation of provincial targets results in similar performance targets for all LHINs.   |
|   |  | <b>Recommendation 18—Action 1</b><br>To ensure that the share of the Urgent Priorities Fund allocated to each Local Health Integration Network reflects current patient needs, the Ministry of Health and Long-Term Care should ensure the amount allocated to the Fund is appropriate considering overall funding increases over time.                              | Assessed in<br>2018 as Will Not<br>Be Implemented | The Ministry stated approximately \$25 million out of the \$50 million of the Urgent Priorities Fund (UPF) is allocated as base funding by the LHINs, and the remainder is given out as one-time investments to address local health system pressures and priority investments, upon Ministry approval. The Ministry stated that it currently does not have funding to increase the UPF; and it currently is not planning any increases to the UPF. Hence, this recommendation will not be implemented. |
|   |  | <b>Recommendation 18—Action 2</b><br>To ensure that the share of the Urgent Priorities Fund allocated to each Local Health Integration Network reflects current patient needs, the Ministry of Health and Long-Term Care should regularly revise the allocation on the basis of current population and/or other relevant information.                                | Assessed in<br>2018 as Will Not<br>Be Implemented | As per the Ministry, the LHINs have allocated approximately \$25 million of the Urgent Priorities Fund (UPF) as base funding towards their health care service providers. The remaining amount is provided as one-time funding, which requires Ministry approval.<br><br>The Ministry noted that revising the allocation of the \$50 million UPF would result in decreased base funding for some LHINs.   |

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| 3.11: Mines and Minerals Program | Ministry of Energy, Northern Development and Mines | <p><b>Recommendation 4—Action 1</b><br/>To ensure continual exploration on claimed land, and proper rehabilitation of sites where exploration has taken place, the Ministry of Northern Development and Mines should disallow forfeited claims from being re-staked by the same owners until an appropriate period has passed (we made a similar recommendation in our <i>2005 Annual Report</i>).</p> | Assessed in 2018 as Will Not Be Implemented | <p>The Ministry stated that this recommendation is identified as very low risk as no exploration work has been performed on the claims, and therefore no new hazards are being created. The Ministry determines that no exploration has occurred on the claims based on the assessment reports or payments made in lieu of assessment work. If assessment work has not been completed and submitted to the Ministry, the claim can subsequently be forfeited. Since no reports have been filed with the Ministry, it is the Ministry's determination that the forfeited claim does not have new hazards. Further, the Ministry stated that it does not have the legal ability within the current legislation to disallow forfeited claims from being registered by the same owner. The proposed change to the <i>Mining Act</i>, section 72, refers to forfeiture but it does not state that the previous owner is not allowed to stake a claim again on the same property.</p> |
| 3.13: Student Transportation     | Ministry of Transportation                         | <p><b>Recommendation 4—Action 1</b><br/>To help increase the safety of school transportation, the Ministry of Transportation should consider changing the threshold that triggers a facility audit for school bus operators.</p>   | Assessed in 2017 as Will Not Be Implemented | <p>During our 2017 follow-up, the Ministry informed us that it would not be implementing this recommendation because, based on a 2007 Transport Canada fact sheet, school bus travel is one of the safest methods of travel for children and youth. In addition, the Ministry stated that the new registration and licensing system lets it monitor effectively all carriers, including school bus operators, for trend and behavioural changes through its CVOR program. For example, new triggers have been added that will cause a carrier to be reviewed for significant on-road events such as vehicle impoundments and convictions.</p>   |
|                                  | Ministry of Education                              | <p><b>Recommendation 8—Action 1</b><br/>To improve student transportation safety, the Ministry of Education, in conjunction with school boards and transportation consortia, should develop consistent safety policies for the safe transport of students and for dealing with behavioural issues on the bus.</p>  | Assessed in 2017 as Will Not Be Implemented | <p>The Ministry indicated it has no legal mandate to impose specific transportation policies on school boards, but it has taken some actions to support them in developing consistent safety policies such as seeking feedback on behavioural incidents on school buses, and convening an ad hoc transportation safety committee to discuss the safety-related recommendations made in our <i>2015 Annual Report</i>. The Ministry also contacted the bus operator associations to establish a data collection mechanism for school bus operators to report on behavioural incidents and provide an annual summary report to the Ministry, consortia and school boards, which the bus operator associations agreed to do.</p>   |

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|         |                 | <p><b>Recommendation 8—Action 3</b><br/>To improve student transportation safety, the Ministry of Education, in conjunction with school boards and transportation consortia, should determine which grades should be met at the bus stop by an adult, and develop a standardized process for this across the province.</p> <p><b>Recommendation 13—Action 1</b><br/>The Ministry of Education should set standards for the optimal utilization of school vehicles for school boards and transportation consortia, and provide guidance to them in calculating utilization rates.</p> <p><b>Recommendation 14—Action 1</b><br/>The Ministry of Education should clarify the roles and responsibilities of school boards and consortia in setting eligibility and employing efficiency measures.</p> | <p>Assessed in 2018 as Will Not Be Implemented</p> <p>Assessed in 2017 as Will Not Be Implemented</p> <p>Assessed in 2017 as Will Not Be Implemented</p> | <p>The Ministry believes it does not have a legal mandate to impose specific transportation policies on school boards. School boards and consortia are responsible for their own student transportation policy and operational decisions.</p> <p>The Ministry informed us that it does not plan to set standards for the optimal utilization of school vehicles for school boards. The Ministry stated that utilization rates for vehicles used for student transportation are directly related to policy and operational decisions at the consortium and school board level.</p> <p>The Ministry stated that school boards and consortia are responsible for their own student transportation policies and operational decisions, including eligibility decisions. The Ministry directed us to resources and supports it has provided over the years to school boards and consortia to encourage them to adopt efficiency measures. In our 2017 follow-up audit, we noted that these resources existed at the time of our 2015 audit, and they had not had the desired effect.</p> |
|         |                 | <p><b>Recommendation 15—Action 1</b><br/>The Ministry of Education, in conjunction with the school boards and transportation consortia, should develop standard criteria for evaluating the submissions of school bus operators in procuring student transportation services. The criteria should appropriately consider the operators' ability to safely transport students.</p>  | <p>Assessed in 2017 as Will Not Be Implemented</p>   | <p>In November 2015, the Ministry commissioned an expert panel to identify best practices and explore options for competitively acquiring busing services other than through requests for proposals. The resulting report, entitled <i>Student Transportation Competitive Procurement Review Report</i>, was presented to the Ministry. The Ministry expressed its expectation "that school boards and consortia work together to carefully review both the expert panel's report and the Auditor General's report, and consider addressing, where appropriate, the opportunities they present." According to the Ministry, implementation decisions reside with the school boards and consortia.</p>   |
|         | Peel Consortium | <p><b>Recommendation 12—Action 2</b><br/>In order to increase the efficiency of school transportation services and in turn decrease costs, transportation consortia should evaluate the benefits of parents of students who are eligible to use school board-provided transportation services being required to opt in or out of using transportation services.</p>  | <p>Assessed in 2018 as Will Not Be Implemented</p>   | <p>The Peel consortium indicated that the requirement for parents to opt in is fraught with issues that have an impact on school year start-up and efficiency. Based on previous experiences, it says a portion of involved parents will not respond in a timely manner, or at all, with respect to opting in. When they do respond, it will require the resulting route system to be substantially reorganized and likely increased to accommodate all the eligible students who were not originally identified as having opted in.</p>  |

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|  |  | <p><b>Recommendation 12—Action 7</b><br/>In order to increase the efficiency of school transportation services and in turn decrease costs, transportation consortia should only contract for services that are required.</p>   | Assessed in 2018 as Will Not Be Implemented | According to the Peel Consortium, a routing approach that prioritizes maximized use of contracted base time and mileage per vehicle, although maximizing the efficiency of each vehicle, serves to compromise the overall fleet efficiency. Maximized efficiency is achieved through transporting all eligible students using the fewest number of vehicles possible, therefore generating the lowest expenditure. The tiered routing approach used enables vehicles to perform more runs to more schools. The Peel Consortium believes that maximizing routing efficiency provides greater efficiency that does maximize individual bus run efficiency.   |
| 3.14: University Intellectual Property | Ministry of Economic Development, Job Creation and Trade | <p><b>Recommendation 3—Action 1</b><br/>To assess progress on the province's 2008 Innovation Agenda and provide comparisons between Ontario and its peer jurisdictions, the Ministry of Research and Innovation should conduct assessments periodically against the indicators in the scorecard and report the results publicly.</p> <p><b>Recommendation 5—Action 1</b><br/>To ensure the Ministry of Research and Innovation (Ministry) is getting value for money for its investment in research and commercialization activities, the Ministry should track what portion of research funding goes to basic vs. applied research, and develop appropriate indicators for each type of research.</p> <p><b>Recommendation 6—Action 1</b><br/>The province should re-visit and assess the pros and cons of including provisions in selective research funding agreements that would allow it to share in future income from the sale or licence of resulting intellectual property, and/or to have the non-exclusive right to use the intellectual property royalty-free for non-commercial internal purposes, where there may be value to do so.</p> | Assessed in 2018 as Will Not Be Implemented | <p>The Ministry informed us that it does not intend to publicly report the results of its key performance indicators because the indicators are macro-level and the data is from publicly available sources, such as the Conference Board of Canada. We believe the Ministry should publicly report the results of its key performance indicators.</p> <p>According to the Ministry, it funds research across the spectrum of basic to applied research. Two pilot studies validated this as the results indicated an almost even split between the two types of research. Therefore, the Ministry believes that further analysis is not required.</p> <p>The Ministry informed us that it will not be implementing this recommendation. It stated that Ontario's approach to intellectual property ownership was consistent with best jurisdictional practices, federal policy and academic/industry preference, and was based on the assertion that government ownership of intellectual property is costly and may be an impediment to commercialization and innovation.</p> <p>These same points were made during the time of our audit in 2015, at which time we reported that intellectual property rights should not be viewed as an impediment to commercialization without further detailed analysis of the impact and potential value to Ontario. At the time of this follow-up, the Ministry had not done such an analysis.</p> |

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| University of Toronto | University of Toronto | <b>Recommendation 9—Action 3</b><br>To ensure that all intellectual property created with university resources is disclosed, universities should require all faculties to use only disclosures made directly to the technology transfer office for performance review purposes.  | Assessed in 2017 as Will Not Be Implemented | The University of Toronto told us that it does not believe that a significant amount of intellectual property is not being disclosed to its technology transfer office.   |
|                       |                       | <b>Recommendation 9—Action 4</b><br>To ensure that all intellectual property created with university resources is disclosed, universities should use research grant status reports sent to research funders to anticipate and track completeness of disclosures.   | Assessed in 2017 as Will Not Be Implemented | The University of Toronto told us that it does not believe that a significant amount of intellectual property is not being disclosed to its technology transfer office.   |
|                       |                       | <b>Recommendation 11—Action 1</b><br>To help ensure commercialization assessments are completed within a reasonable time frame to avoid delays in patent filings, university technology transfer offices should establish timeframes to complete assessments based on technology type or complexity of invention.  | Assessed in 2017 as Will Not Be Implemented | None of the universities have established time frames to complete assessments based on the type or complexity of an invention. All three universities advised us that determining unique timeframes for assessments would be too difficult to complete because of the diverse range of technologies assessed, stage of technological development, researcher interest in commercializing, and other considerations.   |
| McMaster University   | McMaster University   | <b>Recommendation 12—Action 1</b><br>To help ensure intellectual property is properly protected, universities and/or their technology transfer offices, as applicable, should ensure contracts with faculty associations and researchers include provisions to make them aware of the importance of not disclosing inventions prior to filing for patent protection. | Assessed in 2017 as Will Not Be Implemented | The University of Toronto does not consider it necessary to amend its agreement with its faculty association because the purpose of the agreement is to set out the general relationship between faculty and the university, not specific provisions such as disclosing inventions. As a condition of employment, all faculty members agree to follow university policies (including the inventions policy) as outlined in their appointment letters. The university considers it inappropriate to single out the inventions policy among all others in appointment letters, since the majority of faculty would not be engaged in activities that result in disclosures.<br><br>However, we noted that the university's invention policy does not warn against publicly disclosing inventions before filing for patent protection. |
|                       |                       | <b>Recommendation 9—Action 3</b><br>To ensure that all intellectual property created with university resources is disclosed, universities should require all faculties to use only disclosures made directly to the technology transfer office for performance review purposes.  | Assessed in 2017 as Will Not Be Implemented | McMaster University did not believe that making this a requirement would lead to an increase in the likelihood that all inventions would be disclosed because faculty performance reviews, in most cases, do not have a heavy weighting on disclosures.   |

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|                        |              | <p><b>Recommendation 9—Action 4</b><br/>To ensure that all intellectual property created with university resources is disclosed, universities should use research grant status reports sent to research funders to anticipate and track completeness of disclosures.</p>   | Assessed in 2017 as Will Not Be Implemented | McMaster University advised us that it would not be implementing this recommendation because of the time and resources needed to complete such a review. However, it informed us that it has occasionally followed up with inventors on the status of their work based on grant funding received, especially if the funding had objectives related to commercializing or developing applied technologies.  |
|                        |              | <p><b>Recommendation 11—Action 1</b><br/>To help ensure commercialization assessments are completed within a reasonable time frame to avoid delays in patent filings, university technology transfer offices should establish timeframes to complete assessments based on technology type or complexity of invention.</p>          | Assessed in 2017 as Will Not Be Implemented | None of the universities have established time frames to complete assessments based on the type or complexity of an invention. All three universities advised us that determining unique time frames for assessments would be too difficult to complete because of the diverse range of technologies assessed, stage of technological development, researcher interest in commercializing, and other considerations.   |
| University of Waterloo |              | <p><b>Recommendation 9—Action 3</b><br/>To ensure that all intellectual property created with university resources is disclosed, universities should require all faculties to use only disclosures made directly to the technology transfer office for performance review purposes.</p>  | Assessed in 2017 as Will Not Be Implemented | The University of Waterloo said that technology disclosures are not significantly used in evaluating staff performance and are only nominally used within the faculty of engineering.  |
|                        |              | <p><b>Recommendation 9—Action 4</b><br/>To ensure that all intellectual property created with university resources is disclosed, universities should use research grant status reports sent to research funders to anticipate and track completeness of disclosures.</p>   | Assessed in 2017 as Will Not Be Implemented | The University of Waterloo said that there may not be a clear benefit given that it operates under an inventor-owned intellectual property policy.   |
|                        |              | <p><b>Recommendation 10—Action 1</b><br/>In the absence of objective criteria to assess the commercial potential of disclosures, university technology transfer offices should develop a formal process to discuss and challenge decisions on commercial potential, including assessments undergoing a second level of review.</p> | Assessed in 2017 as Will Not Be Implemented | The University of Waterloo stated that implementing a secondary staff-level review would consume significant additional staff time for limited benefit. The university believes its current practice of completing an assessment worksheet and discussion between the designated Technology Manager and the Director is adequate to ensure that a project can be initiated in a timely manner. It also says that its current assessment processes rely on submitting project proposals to various federal government programs to secure funding to further demonstrate commercial viability. These programs perform their own expert peer review process, which the university considers to be a better second level of review than additional internal staff efforts. |

| Section | Organization | Recommendations  | Status                                      | Rationale   |
|---------|--------------|--|---|---|
|         |              | <p><b>Recommendation 11—Action 1</b><br/>To help ensure commercialization assessments are completed within a reasonable time frame to avoid delays in patent filings, university technology transfer offices should establish time frames to complete assessments based on technology type or complexity of invention.</p>   | Assessed in 2017 as Will Not Be Implemented | None of the universities have established time frames to complete assessments based on the type or complexity of an invention. All three universities advised us that determining unique time frames for assessments would be too difficult to complete because of the diverse range of technologies assessed, stage of technological development, researcher interest in commercializing, and other considerations.  |
|         |              | <p><b>Recommendation 12—Action 1</b><br/>To help ensure intellectual property is properly protected, universities and/or their technology transfer offices, as applicable, should ensure contracts with faculty associations and researchers include provisions to make them aware of the importance of not disclosing inventions prior to filing for patent protection.</p> | Assessed in 2017 as Will Not Be Implemented | The University of Waterloo will not be implementing this recommendation. The university's reasoning is that the memorandum of understanding (MOU) with faculty spells out the terms and conditions of employment and it does not believe the MOU is the proper vehicle to specifically detail aspects of protecting intellectual property. The university believes that the objectives of this recommendation would be more appropriately implemented through education initiatives to increase awareness rather than formal faculty employment agreements. |

Note: Actions directed at a group of entities are divided by the number of entities involved, and are counted in fractions. Therefore, the number of actions in this appendix will be higher than the 68 noted in Section 3.6.

### Appendix 3: Recommendations from 2015, 2016 and 2017 by the Standing Committee on Public Accounts Assessed as “Will Not Be Implemented” That the Auditor General Believes Should Be Implemented

Prepared by the Office of the Auditor General of Ontario

| Section   | Organization                                    | Recommendations  | Status                                      | Rationale   |
|---|---|--|---|---|
| <b>2015</b>   |   |  |   |   |
| June: Pension Plan and Financial Service Regulatory Oversight | Financial Services Commission of Ontario (FSCO) | <b>Recommendation 3—Action 2</b><br>FSCO complete analysis of ways to improve monitoring of the Pension Benefits Guarantee Fund, such as to incorporate expanded disclosure in the financial statements of the fund to better reflect plan exposure. | Assessed in 2017 as Will Not Be Implemented | According to the FSCO, it will not implement this recommended action because the current Pension Benefits Guarantee Fund financial statement disclosures satisfy the applicable accounting rules. The FSCO stated that the Pension Benefits Guarantee Fund financial statement disclosures were expanded in 2010 to include large potential claims for companies under <i>Companies’ Creditors Arrangement Act</i> protection. The FSCO stated that, due to confidentiality of a pension plan’s funded status, no further expansion of disclosures was considered to be appropriate.<br><br>The FSCO conducted a comparative analysis of financial statement disclosures of the Fund to similar funds in the U.S. and U.K. However, the FSCO did not make any changes as a result of this review. |
| June: University Undergraduate Teaching Quality               | University of Toronto                           | <b>Recommendation 2—Action 1</b><br>Universities conduct performance appraisals of sessional instructors.  | Assessed in 2017 as Will Not Be Implemented | The University’s collective agreement does not require sessional faculty members to receive annual performance evaluations. Sessional instructors who initiate the advancement track are subject to performance appraisals.<br><br>The University noted that there are no immediate plans to make the annual performance review mandatory for all sessional instructors.  |
|   | University of Ontario Institute of Technology   | <b>Recommendation 1—Action 1</b><br>Universities continue to take steps to make the results of course evaluations available to students to assist them in making their course selections.  | Assessed in 2016 as Will Not Be Implemented | The University advised that this recommendation would not be implemented because almost 98% of courses have positive reviews, 40% of courses are offered only once per year, and only 20% of courses have more than one instructor. In addition, the University believes publication of student course evaluations would damage faculty relations while failing to improve teaching. In addition, changes in the availability of student evaluations would have to be negotiated with faculty unions.   |
|   |   | <b>Recommendation 2—Action 1</b><br>Universities conduct performance appraisals of sessional instructors.  | Assessed in 2018 as Will Not Be Implemented | According to the University, formal appraisals are not conducted on every sessional instructor. Deans use their discretion to determine if a formal performance appraisal is warranted based on a number of factors such as performance on course evaluations and whether the employment contract will continue.<br><br>Under the University’s current sessional faculty collective agreement, section 14.01, the Dean may conduct a performance assessment in the first term a sessional lecturer teaches in a faculty and on a periodic basis after that in consultation with the sessional lecturer.   |

| Section                             | Organization                                       | Recommendations   | Status  | Rationale  |
|-------------------------------------|--|---|---|--|
|                                     | Brock University                                   | <p><b>Recommendation 1—Action 1</b><br/>Universities continue to take steps to make the results of course evaluations available to students to assist them in making their course selections.</p> <p><b>Recommendation 2—Action 1</b><br/>Universities conduct performance appraisals of sessional instructors.</p> | <p>Assessed in 2018 as Will Not Be Implemented</p> <p>Assessed in 2016 as Will Not Be Implemented</p> | <p>Renegotiation of the collective agreement in 2017 was unsuccessful and ownership of course evaluations remains the property of the individual faculty member.</p> <p>The University informed us that it has no formal process in place to evaluate sessional instructors. The collective agreement requires only faculty members holding tenured or tenure-track positions to undergo an annual performance appraisal.</p> <p>The University does not intend to implement mandatory performance appraisals of sessional instructors or include them in the next round of negotiations with its faculty union. It stated that the majority of its instructors are evaluated since its collective agreement limits the percentage of courses that can be taught by non-tenured or tenure-track faculty.</p> |
|                                     |  | <p><b>Recommendation 3—Action 1</b><br/>Examine the impact on teaching quality of the use of sessional instructors.</p>   | Assessed in 2016 as Will Not Be Implemented   | The University has no plans to address this recommended action. It advised that the impact on teaching quality of the use of sessional instructors could be assessed by comparing student course evaluations of sessional instructors with those of full-time tenured faculty. However, the student course evaluations of full-time tenured faculty are the property of the instructor. The university therefore does not have access to those course evaluations.   |
| November: Smart Metering Initiative | Ministry of Energy, Northern Development and Mines | <p><b>Recommendation 1—Action 1</b><br/>The Ministry review the role of the OEB as an independent regulator when ministerial directives that impact electricity rates are issued and report back to the Committee on its results.</p>   | Assessed in 2016 as Will Not Be Implemented   | <p>The Ministry did not review the role of the OEB as an independent regulator when ministerial directives that impact electricity rates are issued. The <i>Energy Statute Law Amendment Act, 2016</i>, proclaimed into force on July 1, 2016, changed the electricity planning process in Ontario. Under the new legislation, the Ministry is responsible for developing and updating Long-Term Energy Plans for Ontario while the OEB is responsible for preparing an implementation plan when the Ministry requests it.</p> <p>Although the new long-term energy planning process includes a role for the OEB in facilitating the implementation of the Long-Term Energy Plan objectives, it does not enable the OEB to review and approve the Ministry's plans as an independent regulator.</p>          |

| Section  | Organization                                 | Recommendations  | Status                                      | Rationale   |
|--|--|--|---|---|
| <b>2016</b>  |  |  |   |   |
| June: Metrolinx  | Metrolinx                                    | <b>Recommendation 1—Action 2</b><br>Metrolinx should publish a ten-year capital spending plan including information about what projects are planned, when construction will take place, estimated costs, and sources of funding.   | Assessed in 2017 as Will Not Be Implemented | Metrolinx has no plans to publish a 10-year capital spending plan. However, it has included information on the Regional Transportation Plan's projects—when construction will take place, estimated costs and sources of funding—across various documents, including Ontario's 2017 Infrastructure Update, the Plan's Discussion Paper, Metrolinx's quarterly reporting to the Board, annual business plans, and five-year strategies. Also, in its 2016/17 Business Plan, Metrolinx introduced (for the first time) a five-year capital plan that provided a high-level breakdown of capital investments until 2020/21. Metrolinx has informed our Office this will also be included in subsequent five-year business plans. |
|  |  | <b>Recommendation 2—Action 3</b><br>Metrolinx should explore ways to integrate the UP Express with the TTC rather than operate it as a separate rail service.  | Assessed in 2017 as Will Not Be Implemented | Metrolinx did not explore ways to integrate the UP Express with the TTC, as it has decided to integrate operational responsibility of UP Express with GO Transit under the responsibility of Metrolinx's Chief Operating Officer.   |
|  |  | <b>Recommendation 4—Action 3</b><br>Metrolinx should publish the detailed risk assessments used to justify AFP procurement, as well as the methodology for assessing these risks, so that independent experts can verify the results.  | Assessed in 2017 as Will Not Be Implemented | Metrolinx provided the Committee with the public value-for-money assessment report to justify the AFP procurement for the Eglinton Crosstown. According to Metrolinx, detailed information relating to the assessment contains commercially sensitive information relating to the successful proponent that cannot be published.  |
| June: ServiceOntario   | Ministry of Government and Consumer Services | <b>Recommendation 5—Action 1</b><br>As an interim measure until an integrated smart card initiative is further developed, Service Ontario should provide the Committee with an action plan and timetable for introducing new measures that would permit the sharing of address change information between multiple programs. | Assessed in 2017 as Will Not Be Implemented | ServiceOntario is not considering any measures in the interim, while the single digital identity is further developed, that would permit the sharing of address-change information between multiple programs.   |
| December: Local Health Integration Networks (LHINs)*—Home Care Program | Ministry of Health and Long-Term Care        | <b>Recommendation 1—Action 2</b><br>The Ministry of Health and Long-Term Care establish a minimum level of care, based on assessed need, that clients can expect to receive.   | Assessed in 2018 as Will Not Be Implemented | The Ministry stated that Ontario has considered establishing minimum levels of services, and it provided us with the Levels of Care Expert Panel report. This report recommended maximum hours, but did not have an analysis or discussion of establishing minimum hours. The Ministry stated that as per the Expert Panel, publicly funded home and community care services are meant to complement the support provided by caregivers.  |

| Section | Organization                                       | Recommendations  | Status                                      | Rationale  |
|---------|--|--|---|--|
| 2017    | Ministry of Energy, Northern Development and Mines | <p><b>Recommendation 2—Action 1</b></p> <p>The Ministry of Energy provide the Committee with details on how future Long-Term Energy Plans will be independently reviewed to ensure that they are prudent and cost effective in order to protect the interest of electricity consumers.</p> | Assessed in 2017 as Will Not Be Implemented | <p>The new <i>Energy Statute Law Amendment Act, 2016</i> has changed the electricity planning process in Ontario. The Ministry is responsible for developing the Long-Term Energy Plan (LTEP) after thorough consideration of the Independent Electricity System Operator's (IESO) Technical Report, as well as feedback from the public consultation and engagement process.</p> <p>To ensure that the government's goals and expectations outlined in the LTEP are implemented, the Minister of Energy intends to issue directives to the Ontario Energy Board (OEB) and the IESO once the LTEP is finalized and released. The directives set out the government's requirements for implementation and direct each agency to develop implementation plans. Upon receiving an implementation directive, the two agencies are to develop their respective implementation plans outlining frameworks on how to implement the government's objectives and requirements laid out in the LTEP.</p> <p>The IESO's Technical Report and the LTEP are not required to be submitted to the OEB for independent review and approval to ensure that the LTEP is prudent and cost-effective. The OEB is only responsible for preparing an implementation plan when the Ministry requests it, through the issuing of a ministerial directive to the OEB, to ensure that the government's goals and expectations outlined in the LTEP are implemented. In other words, the new long-term energy planning process does not enable the OEB to review and approve the plans as an independent regulator.</p> |

\* Formerly Community Care Access Centres.

Note: Actions directed at a group of entities are divided by the number of entities involved, and are counted in fractions. Therefore, the number of actions in this appendix will be higher than the 10 noted in Section 4.3.



## Office of the Auditor General of Ontario

20 Dundas Street West, Suite 1530  
Toronto, Ontario  
M5G 2C2  
[www.auditor.on.ca](http://www.auditor.on.ca)

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